

# COMMITTEES AND COMMISSIONS IN INDIA 1947-73

Volume V : 1962-63

Virendra Kumar



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Committees and Commissions in India 1947-73  
Volume V : 1962-63

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Virendra Kumar (b. 1933—)

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*DEDICATED  
TO  
MY UNCLE  
LATE DR. JAI DEO KULSRESHTHA*

# INTRODUCTION

The Fifth Volume attempts to understand and analyse the activities of the various "Committees and Commissions" during the period 1962-1963 which have received as far as the previous volumes are concerned scant attention from even bibliophiles and documentation experts. It is known that the government all over the world largely rely on the Committees and Commissions for their decisions on particular subjects. Governments make an extensive use of the Instrument of the Public Inquiries which ultimately help in lessening managerial tensions as well as quietening the allegations of misrule. According to John Stuart Mill, "A man seldom judges right, even in his own concerns, still less in those of the public, when he makes habitual use of knowledge but his own or that of some single adviser." Thus the "Committee System" greatly helps the proper functioning of a democratic set-up.

A Commission is a "Governmental agency created to perform a particular function such as special investigations or on governmental regulations of business". It is appointed mainly when it is thought that a matter involves some financial questions. There are other reasons for which a Commission is appointed, e.g., in matters pertaining to the Welfare of the State and its Citizens and for improving the efficiency in an administration. The status of a Committee is also the same as that of a Commission, but it does not possess as wide powers as are enjoyed by a Commission and has to limit itself in relation to specific work assigned to it under its terms of reference. While arriving at decisions in the form of recommendations, a Committee or Commission ensures that such decisions are representative of interests of various types of people and also a safeguard against abuse of power.

The Committees and Commissions always advise a Government, offering valuable suggestions and recommendations for smooth operation and efficiency in administration for the Welfare of the people.

A Committee or a Commission comprises a Chairman, the Members and the Member-Secretary (sometimes there is also a Vice-Chairman and an Assistant Secretary). In some cases there are even One-Man Commissions and enquiries conducted by such Commissions are entrusted to an Official-on-Special Duty or a Judge of the High Court.

The Chairman of a Commission is a person well versed in legal affairs and is often a retired Judge of a High Court or Supreme Court of India. Occasionally, a Member of Parliament is also appointed to the post of Chairman of a Commission. Regarding Committees, the Chairman is usually a specialist in the subject of the Committee. He can be a Leader or a Convener also if he heads a Panel, Study Group, Working Group or a Delegation etc.

The Members of a Commission, Committee, Panel, Study Group, Working Group, etc., are specialists in their respective fields and provide valuable guidance to the Commission.



in making recommendations.

The Member-Secretary or Secretary is nominated from among the experienced officials who have the requisite Competent knowledge of the subject on which the Commission or the Committee is appointed.

The Study of the "Committees and Commissions" is divided into two main parts :

(I) Pre-Independence : From 1772 to August 1947 ;

(II) Post-Independence : From August 1947 to 1973.

The first Volume covers the period from August 1947 to 1954. The Second Volume covers the period from 1955 to 1957. The Third Volume covers the period from 1958 to 1959. The Fourth Volume covers the period from 1960 to 1961. This present book, Volume V, in the series covers the period from 1962 to 1963.

The Work provides information on subjects like Bibliographical Data of the Committees and Commissions, Chairman, Leader, Convener, etc. of the Committees and Commissions ; Appointments ; Terms of Reference ; Contents and Recommendations.

Arrangements : The arrangements in the "Committees and Commissions" are Chronological and items have been arranged according to their dates of appointment and not according to their dates of publication.

I am sure that this reference work will continue into a number of Volumes for it is unique in nature. I have spared no efforts to make it a comprehensive reference work and it will be of great use to the research scholars, sociologists, historians, economists, students of political science, as well as to all those connected with the study of administration and legal affairs. I have tried my level best to rectify all errors and omissions that I noticed in the previous Volumes. It will be my effort to go on improving these Volumes. The introductory part in Volume I deals with the *why*, *what* and *how* of the "Committees and Commissions".

In the end I must express my gratitude to the Press that reviewed and appreciated the work. I am also indebted to my wife and children who have sacrificed their personal comforts by providing me every facility to make this Volume ready for publication within a reasonable short time.

New Delhi

*Deepavali*

November 10, 1977

VIRENDRA KUMAR

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# 1962

## COMMITTEE ON PREVENTION OF CORRUPTION, 1962—REPORT

New Delhi, Ministry of Home Affairs, 304p.

**Chairman :** Shri K. Santhanam.  
**Members :** Shri Santosh Kumar Basu ; Shri Tika Ram Paliwal ; Shri R.K. Khandilkar ; Shri Nath Pai ; Shri Shambu Nath Chaturvedi ; Shri L.P. Singh ; Shri D.P. Kohli ;  
**Secretary :** Shri T.C.A. Ramanujachari

### APPOINTMENT

The Committee on Prevention of Corruption was constituted under the Ministry of Home Affairs in 1962.

### TERMS OF REFERENCE

- (i) To examine the organisation, set up, functions and responsibilities of the Vigilance Units in the Ministries and Departments of the Government of India and to suggest measures to make them more effective.
- (ii) To examine the organisation, strength, procedures and methods of work of the Special Police

Establishment and the difficulties experienced by it, and to suggest measures to further improve its working.

(iii) To consider and suggest steps to be taken to emphasize the responsibilities of each Department for checking corruption.

(iv) To suggest changes in law which would ensure speedy trial of cases of bribery, corruption and criminal misconduct, and make the law otherwise more-effective.

(v) To examine rules relating to disciplinary proceedings and to consider what changes are necessary in order to expedite these proceedings and to make them more effective.

(vi) To suggest measures calculated to produce a social climate both amongst public servants and in the general public in which bribery and corruption may not flourish.

(vii) To examine the Government Servant's Conduct Rules and to recommend changes necessary to ensuring

maintenance of absolute integrity in the public services.

(viii) To suggest steps for securing public support for anti-corruption measures.

(ix) To consider special measures that may be necessary in corporate public undertaking to secure honesty and integrity amongst their employees.

## CONTENTS

Introduction ; Nature of the problem ; Extent of Corruption ; Conduct Rules ; Disciplinary Rules ; Preventive Measures ; Law and Procedure relating to Corruption ; General Recommendations ; Vigilance Organisation ; Special Police Establishment ; Social Climate ; Miscellaneous ; Conclusion ; Summary of Conclusions and Recommendation Annexures I to XVI ; Appendices I to VII.

## RECOMMENDATIONS

### Section 4

The existing rules governing the conduct of Government servants did not make any radical changes in the rules that were in force prior to the commencement of the Constitution with the results that in respect of many matters the rules were either silent or inadequate.

The rules pertaining to integrity should be uniform.

The more important changes recommended are :

1. A duty has been cast on Government servant holding supervisory post to keep a watchful eye on the integrity of the staff working under them.

2. Every Government servant should take full responsibility for his actions and orders, except where he acts under the directions of his official superior.

3. The conduct expected of every Government servant in case of conflict between public duty and private interest has been clearly stated in Rule 3 (4) which bring out some of the points that were hitherto implied but left unsaid.

4. Rule 10 deals with the question of receipt of gifts and states the position more precisely and also liberalises the existing rules so as to prevent too much interference in private life. The financial limits have been suitably modified.

5. Government servants should submit periodically a complete statement of their assets and liabilities instead of the annual immovable property statements which have been found to serve no useful purpose. In these periodical statements the value of movable property except articles of daily use, like cloths, utensils, crockery and books should be stated including the value of jewellery.

The need for continuance of the exemptions granted in 1959 to industrial employees drawing a pay of

Rs. 500 or less and holding non-gazetted posts may be re-examined and in the meantime the exemptions may continue to be in force

The rules may apply to Government servants appointed to any civil service or post in connection with the affairs of the Union.

While the manner of promulgation of the rules is a matter of detail any modification or liberalisation of the rules should be made only in consultation with the Central Vigilance Commission and with the concurrence of the Ministry of Home Affairs.

### Section 5

The constitutional protection given to Government servants by Article 311 which limits the doctrine of pleasure was first given by the Government of India Act, 1935.

Judicial interpretation of Article 311 of the Constitution has resulted in making disciplinary proceedings highly involved.

The latest amendment of Article 311 has not improved the position. It would not be an unreasonable classification to treat disciplinary proceedings involving charges of bribery, corruption and lack of integrity as separate category and to provide for a simplified procedure. Article 314 should not come in the way of dealing effectively with members of the former Secretary of States Services. In such cases the jurisdiction of courts should be limited. Another clause somewhat on the following lines may be added as Clause (4) to Article 311 :

"Notwithstanding anything contained in Parts III, IV, VI, and XIV of the Constitution, Parliament may, by law, regulate all matters relating to maintenance of integrity and honesty in the services and posts under the Union and States, including the jurisdiction of Courts in respect of such matters.

The power to legislate in this behalf should be added as an item in list of Schedule VII of the Constitution.

In view of the Constitutional requirements and judicial pronouncement it is not possible to radically simplify the procedure unless the constitution is suitably amended.

The more important of the recommendations contained in the interim report dated August 23, 1963 (Annexure IV) are :

(i) There should be only one set of Discipline and Appeal Rules in respect of Government servants serving in connection with the affairs of the Union or appointed by the Union Government. The definition of the term "Government servant" has therefore been enlarged to include members of the All India Services ;

(ii) The President may impose any of the prescribed

penalties and institute disciplinary proceedings against any Government servant including a member of the All-India Service (Rule 8) or direct a disciplinary authority to institute such proceedings (Rule 9) (i) ;

(iii) The Central Government may institute proceedings against a member of an All-India Service if the circumstances of the case are such that the Central Government is satisfied that it would be in public interest to institute such proceedings provided that before doing so the Central Government shall consult the State Government ;

(iv) The power to institute departmental proceedings has been given to the President, specified disciplinary authorities and such other authorities as may be empowered by the President by general or special order. (This last recommendation was made in view of the recommendation of the Committee that the Directorate of Vigilance of the Central Vigilance Commission should have the power to determine the nature of disciplinary proceedings to be initiated and to initiate, conduct and complete such proceedings. Though in the scheme of the Central Vigilance Commission, as accepted by the Government, the power to initiate, conduct and complete such proceedings has not been given to the Central Vigilance Commission, the provisions made in the rules may be allowed to stand.

(v) The penalties of withholding or withdrawing in full or in part the pension which can now be imposed under Civil Services (Regulation 351) (A) and Rule 8 of the All India services (Death-cum-Retirement Benefits) Rule 1958 have been included in the categories of penalties prescribed under Discipline and Appeal Rules and the procedure for imposing such penalties has been made part of the Discipline and Appeal Rules.

(vi) The requirement of the accused officer submitting a written statement of defence after the framing of charges has been dispensed with.

(vii) The rules relating to suspension, regulation of the period of absence from duty after reinstatement of an officer who had been dismissed, removed or suspended provide for removal of certain difficulties that have arisen out of some recent pronouncements of the courts.

(viii) The requirement of submitting an appeal or a memorial through the authority which passed the order which is subject matter of the appeal or memorial has been dispensed with to minimise delay.

The Government should have the power to compulsorily retire a Government servant who has completed 25 years of qualifying service or has attained 50 years of age without giving any reason and without any liability for special compensation.

There should be a committee with the Central Vigilance Commissioner as the Chairman and two Sec-

retaries to Government as members to review the cases of all gazetted officers who are due to complete 25 years of qualifying service or to attain 50 years of age during the ensuring year and recommend the name of the officers who are to be compulsorily retired.

There should be one or more committees, State wise on Departmentwise, as may be convenient, with ; nominee of the Central Vigilance Commissioner as the Chairman of each Committee to review such cases in regard to non-gazetted employees and make appropriate recommendations.

The Central Government should have the power to take action under Rule 17 (as amended in May 1963) and Rule 20 of the All India Services (Death-cum-Retirement Benefits) Rules 1958, after consultation with the State Government Concerned.

### Section 6

Preventive measures, administrative, legal, social, economic and educative, should be carefully planned and effectively implemented.

A systematic and thorough review of the laws, rules procedures and practices should be undertaken for the purposes of listing (a) discretionary powers (b) levels at which such powers are exercised (c) the manner of exercise of such powers (d) the control exercised within the hierarchy over the exercise of such powers (e) the points at which citizens come into contact with the Ministry/Department and the purposes for which they do so.

A thorough study should be made in respect of each Ministry/Department/undertaking of the extent, the possible scope and modes of corruption, preventive and the remedial measures prescribed, if any, and their effectiveness. Such studies should be started on a priority basis in respect of each Ministry/Department/undertaking and the Central Vigilance Commission should also pay attention to this important piece of work for which purpose Government may provide the necessary staff and other facilities.

Serious thought should be given as to how trade associations or their representatives could be associated in the matter of granting licences and allocation of scarce goods. Membership of a recognised trade organisation should be a necessary condition of eligibility for obtaining a licence or a permit. The organisation should screen the capacity of the applicants, their past performance and conduct and make recommendations to the licensing authority. These organisations may also be usefully associated in investigating modes of misuse and mis-utilisation of goods obtained under served advantage.

Administrative delay must be reduced to the utmost extent possible and firm action should be taken to

eliminate all such caused of delays as provide scope for corrupt practices.

(a) Each Ministry/Department/undertaking should immediately undertake a review of all existing procedures and practices to find out the cause of delay, the points at which delay occurs and to devise suitable steps to minimise the possibility of delay.

(b) Time-limits should be prescribed, if not already done, for delaying with receipts, files etc., and these should be strictly enforced. Superior officers should consider it their responsibility to find out whether in any particular matter there has been any avoidable delay and call the persons responsible for the delay to account.

(c) All notings at the level lower than that of Under Secretaries should be avoided. The responsibility of the Section should be only that of putting up previous papers and precedents. This procedure should be strictly observed in Ministries/Departments which have to deal with the grant of licences or permits of various kinds.

(d) The levels at which substantive decision could be taken should be prescribed and any attempt to involve as many as possible should be discouraged and dealt with severely, if found to be persisted in.

In all those fields where Government interferes to regulate and control there is scope for abuse. It would be desirable for each Ministry/Department to undertake a review of the regulatory functions which are its responsibility and also examine whether all of them are necessary and whether the manner of discharge of those functions and of the exercise of powers of control are capable of improvement.

Discretionary powers are exercised by different categories of Government servants all of whom are not endowed with a high sense of dedication and integrity in equal measures. While it would not be possible to completely eliminate discretion it should be possible to devise a system of administration which would reduce to the minimum, even if there is a seeming loss of perfection, the need for exercise of personal discretion consistently with efficiency and speedy disposal of public business. Various methods of control devised in the more advanced countries should be studied and a suitable system of control should be devised keeping in view the difficulties that may arise on account of the vastness of our country and the basic principles which are enshrined in our Constitution and jurisprudence.

As many of the citizens of our country who have to seek the help of the administration in many matters are not equipped or trained, they find it necessary to seek the assistance of touts and intermediaries. A serious attempt should be made to educate the citizens in regard

to such matters and also make suitable arrangements which would provide an easy access to administration without the intervention of touts and intermediaries.

It may be worthwhile in the country's interest to examine whether the categories of officials who have to exercise considerable discretion in matters relating to taxation, issue of valuable permits and licences, or otherwise deal with matters which require high degree of integrity, should not be given special attention regarding status and emoluments. Undue economy in the number of officers is not desirable. It would be worthwhile to review the proportion of direct recruits and promotees in the various services as there is a general belief (we do not fully endorse any sweeping generalisation on this point) that the standard of integrity of direct recruits is comparatively higher.

Housing and medical facilities for the Government servant and his family and facilities for the education of his children should be provided.

Till such time as Government is able to construct the required accommodation houses should be requisitioned or taken on lease and let to the Government servants. Accommodation should, to the extent possible, be in colonies.

Informal codes of conduct for different categories of Government servants working in Ministries/Departments dealing with the economic affairs of the country and which spend large sums of monies on construction and purchases should be compiled regarding participation in entertainment and availing themselves of other facilities from those who may have or are likely to have official dealings with them. The example must be set superior officers.

Every officer of superior status under whom a number of Gazetted officers are working directly should take steps to ascertain personally whether there is any reason to suspect or suspect the integrity of any of these officers.

Some of the other preventive measures are :

(i) Great care should be exercised in selecting officers for appointment to high administrative posts. Only those whose integrity is above board should be appointed to these posts.

(ii) At the time of making selections from Non-Gazetted to Gazetted ranks for the first time all those whose integrity is doubtful should be eliminated.

(iii) Every officer whose duty is to sponsor a name for promotion should be required to record a certificate that he had seen the record of service of the Government servant and he is satisfied that the Government servant is a man of integrity.

(iv) Exigencies of public service require grant of extension or re-employment of Government servants who have attained the age of superannuation and are



about to retire or retired. Such servants are also employed in the public sector undertakings. We recommend that an essential condition for the grant of extension or re-employment should be that the person concerned has had a good reputation for integrity and honesty. If this condition is not fulfilled the person concerned should not be considered eligible for grant of extension or re-employment.

(v) A good deal of harm is done by vague talk about corruption. This can be reduced only if there are agencies which a person with a genuine complaint can approach for redress, with the assurance that he will be fully protected and that prompt and adequate action will be taken where found justified. The Central Vigilance Commission and the Vigilance organisation should be able to meet this need in matters relating to complaints of corruption, harassment, etc. It is essential that bona fide complainants should be protected from harassment or victimisation. The Ministry of Home Affairs should consider itself as having a social responsibility in this regard.

(vi) Enquiry-cum-Reception Offices should be established in all Ministries/Departments which deal with licences/permits and to which members of the public frequently go. All visitors should enter their names and the purpose of their visit in a register to be kept at the Reception Office.

(vii) Steps should be taken to prevent sale of information. One of the causes of this type of corruption is the undue secrecy maintained in regard to all types of matters in respect of which it is not necessary to do so. A clear distinction should be made as to what information should be treated as "secret" and what should be made freely available to the public. Any member of the public who wants to have information of the later category should be able to approach some specified officer in each Ministry/Department/undertaking for that purpose and get what he wants. Difficulties are experienced in obtaining the necessary forms required to be submitted for obtaining licences/permits etc. Arrangement should be made for easy supply of forms whether free or on payment.

There is a column in the annual confidential report regarding every public servant where the superior officer has to comment on his integrity. In cases where the reporting officer is not in a position to make a positive report about integrity he should leave the column blank and submit a secret report if he has reasons to doubt the integrity of the officer on whom he is reporting stating the reasons for his suspicions. The Government or the heads of Department who receive such secret reports should take suitable steps to find out the correctness or otherwise of the report.

There should be a complete ban against Government

servants accepting private commercial and industrial employment for two years after retirement. Reasons have been given in the interim report dated 20th December, 1963 (Annexure V)

The existence of large amounts of unaccounted black money is a major source of corruption.

There is no justification to treat income-tax returns and assessments as secret. Publication of such returns and assessments would have a salutary effect on those persons in business and professions who are inclined to take advantage of secrecy provisions to evade income-tax.

To buy and sell properties at prices much greater than those recorded in the conveyance deeds has become a common method of cheating the central Government of income-tax and other taxes and the State government of the stamp duty etc. If the special corporations set up for the purchase can be empowered to step in and acquire such properties that have been deliberately under valued it will strike a blow against black money.

The habit of charging "pugri" or "premium" for renting houses and flats is a similar source of corruption for which some drastic steps have been taken.

(i) No official should have any dealing with a person claiming to act on behalf of a business or industrial house or an individual unless, he is properly accredited, and is approved by the Department, etc., concerned. Such a procedure will keep out persons with unsavoury antecedents or reputation. There should, of course, be no restriction on the proprietor or manager, etc, of the firm or the applicant himself approaching the authorities.

(ii) Even the accredited representatives should not be allowed to see officers below a specified level the level being specified in each organisation after taking into consideration the functions of the organisation, the taking into consideration the functions of the organisation, the volume and nature of the work to be attended to, and the structure of the organisation. However, care should be taken to limit permissible contacts to levels at which the chances of corruption are considered to be small. This would often mean that no contact would be permitted at the level of subordinate officers.

(iii) There should be a system of keeping some sort of a record of all interviews granted to accredited representatives.

(iv) There should be a fairly senior officers designated in each Department to which an applicant etc., may go if his case is being unreasonably delayed.

It is necessary that a proper procedure should be devised in consultation with the Central Vigilance Commission for accrediting and approval by the Department. Before granting approval the antecedents

of the person proposed to be accredited should, if possible, be verified. In any case no person who is not definitely employed by an established undertaking, who will be responsible for his contact and actions should be approved.

Officers belonging to prescribed categories who have to deal with these representatives should maintain a regular diary of all interviews and discussions with the registered representatives whether it takes place in the office or at home. The general practice should be that such interviews should be recorded. Any business or discussion which is not so recorded should be recorded. Any business or discussion which is not so recorded should be deemed to be irregular conduct. Of which serious notice should be taken by the superiors.

Companies and businessmen should be obliged to keep detailed accounts of the expenditure in their expense account. Whenever an income-tax officer feels that amounts have been spent for entertaining high officials, or other purposes for which satisfactory explanation is not forthcoming, it should be his duty to refer the matter to the Chief Vigilance Officers in the department concerned. If there is any legal difficulty for passing on such information, under the present law, it should be removed.

It will be desirable to create a special cell in the Home Ministry consisting of representatives from All India Radio, Press information Bureau and the Films Division to evolve effective propaganda and publicity measures. Representatives of the press may also be associated. The general principles to be followed are :

There should be no publicity at the time of investigation or during departmental inquiry, but effective and widespread publicity to cases resulting in dismissal, removal or compulsory retirement should be given. In cases of prosecutions before courts, important cases will in the ordinary course be given publicity by the press. What is required is to ensure that true facts and arguments are available to those who edit the cases. The cell proposed should offer to provide the necessary assistance. A periodical summary, say once in three months, of important cases dealt with either by departmental inquiries or prosecutions in courts should be supplied to the press. It may also be hoped that the report of the Vigilance Commission which will be placed before Parliament will attract wide publicity.

## Section 7

The Indian Penal Code does not deal in any satisfactory manner with acts which may be described as social offences having regard to the special circumstances under which they are committed. And which have now become a dominant feature of

certain powerful sections of modern society. Such offences may broadly be classified into :

1. Offences calculated to prevent or obstruct the economic development of the country and endanger its economic health.

2. Evasion and avoidance of taxes lawfully imposed.

3. Misuse of their position by public servants in making of contracts and disposal of public property issue of licences and permits and similar other matters.

4. Delivery by individuals and industrial and commercial undertakings of goods not in accordance with agreed specifications in fulfilment of contracts entered into with public authorities;

5. Profiteering, black-marketing and hoarding;

6. Adulteration of foodstuffs and drugs;

7. Theft and misappropriation of public property and funds ; and

8. Trafficking in licences, permits etc.

Some of these offences have been made punishable by special enactments. It is desirable to add a new chapter to the Indian Penal Code bring together all the offences in such special enactments and supplementing them with new provisions so that all social offences will find a prominent place in the general criminal law of the country. Government may consider whether this work should be undertaken by a special legal committee or referred to the Law Commission.

Section 21 of the Indian Penal Code should amended as stated below :

- (i) The words 'public servant' should be defined to mean 'every person in the service or pay of the Government, a local authority or a Corporation established by a Central or State Act, or a Government Company as defined in Section 617 of the Companies Act, 1956 and/or who is remunerated by fees or commission for the performance of any 'public duty'.

- (ii) Every Minister including Ministers of State, Deputy Ministers and Parliamentary Secretaries holding such office in the Union or State Governments.

- (iii) The words 'engaged in any trade or industry' may be deleted from the twelfth clause of Section 21 of the Indian Penal Code.

- (iv) Any person entrusted with adjudicatory functions in the course of enforcement of any law for the time being in force. (A revised draft incorporating the above amendments is given).

Offering of bribe or attempt to offer bribe should be made a substantive offence and not merely an abetment as at present by adding a new Section in the terms suggested as Section 161 A.

Offences under Chapter IX of the Indian Penal Code should be made non-bailable.

The presumptions enunciated in Section 4 (I) and

4 (2) of the Prevention of Corruption Act should be made available in respect of Sections 5 (1) and 5 (2).

(The Committee is suggesting extensive amendment to Section 5)

(i) The words in the discharge of his duty should be deleted from Section 5 of the Prevention of Corruption Act.

(ii) Possession of assets by a public servant disproportionate to his known sources of income for which he cannot satisfactorily account should be brought within the definition of criminal misconduct and treated as a substantive offence

(iii) Habitual corrupting of public servants or abetment of such conduct should be made a substantive offence by the addition of a new sub-section. A draft of Section 5 incorporating the above suggestion is given

Section 5 A of the Prevention of Corruption Act may be amended so as to authorise all Inspectors of the Special Police Establishment and such Officers of similar rank of the Anti-Corruption agencies of the State Government to be specified by the respective State Governments by general or special orders to make investigations without obtaining the permission of a Magistrate

Section 4 (p) of the Criminal Procedure Code or Section 5 of the Delhi Police Establishment Act may be amended to include Officers of the special Police Establishment of the rank of a sub Inspector, an Inspector and a Deputy Superintendent of Police within the definition of 'an officer in charge of a Police Station' so that they may be able to exercise, in the discharge of their functions in any area in a State any of the powers which an officer in charge of a Police Station can exercise under the Code of Criminal Procedure

Section 94 of the Criminal Procedure Code and Section 5 of the Bankers' Book (Evidence) Act should be suitably amended to enable the Officers of the special Police Establishment and/or of the State anti-corruption agencies and/or any other officer notified in this behalf by general or special order by the Central or State Government, as the case may be, to obtain certified copies of the accounts and of all other documents relevant to the entries in the books of accounts relating to any person in respect of whom an inquiry or an investigation is being made whether under the provisions of the Code of Criminal Procedure or any other law or rule for the time being in force or in any other manner whatever.

Section 222 (2) of the Code of Criminal Procedure may suitably be amended so as to cover offences under Section 5 (1) (c) of the Prevention of Corruption Act and dishonest misappropriation of movable property other than money.

Sub-section (6) of Section 251 A may be amended to

make it obligatory for the accused to file a list of witnesses, and documents he proposed to rely upon in his defence immediately after the charge is framed. There is however no objection if such a list is furnished at subsequent stage but on the closing of the evidence for the prosecution

A proviso may be added to sub-section (1A) of Section 344 of the Code of Criminal Procedure to provide that adjournment or postponement of trial or inquiry need not be granted or made only on the ground that a party to the proceedings intends to take up in revision before a higher Court the legality, propriety or correctness of an order passed by the Court.

A proviso may be added to sections 435 to 439 to provide that higher courts may not grant stay of proceedings without giving a reasonable opportunity to the opposite party to show cause against grant of stay and to require that reasons should be recorded to show that it is not necessary in justice to stay the proceedings.

Section 435 of the Criminal Procedure Code may be amended to provide that the records of the lower court should not be requisitioned without hearing the opposite party or in cases where the purpose could be served by the filing of certified copies

Section 492 of the Criminal Procedure Code should be amended to empower the Central Government to appoint Public Prosecutors, in any case, or in any specified class of cases

Section 540 A (2) may be amended to enable the court, in its discretion, to proceed with the trial or inquiry and to record evidence even in the absence of the accused subject to the right of the accused to recall the witnesses for cross-examination

Section 198B of the Criminal Procedure Code may be amended by-

(i) Deleting sub-section (13)

(ii) Deleting the words other than the offence of defamation by spoken words' in clause (1);

(iii) Casting the burden of proving the month of imputation on the accused; and

(iv) Requiring the accused to prove that he acted in good faith and in public interest,

Section 5 of the Imports and Exports (Control) Act, 1947, may be amended so as to raise the punishment provided for there under two years rigorous imprisonment and also to make it obligatory to pass the minimum sentence of six months imprisonment except where the court, for reasons to be recorded in writing, considers that a sentence lesser than the minimum should be imposed.

A provision may also be made to the effect that the principal office bearers would also be liable for punishment for offences committed by a company or partnership concern or any incorporated body or an associa-

tion of individual and that the burden of proving their innocence should lie on them.

Sections 7 and 8 of the Essential Commodities Act may be so amended by the Act by adding the words or any direction given under any order made thereunder, may order made under Section 3.

Article 311 of the Constitution may be amended by adding the following clause as clause (4).

"Notwithstanding any thing contained in Parts III, IV, VI, and XIV of the Constitution, Parliament may by law regulate all matter relating to maintenance of integrity and honesty in the Services and posts under the Union and States including the jurisdiction of courts in respect of such matters."

The power to make such legislation should be added as an item in List I of Schedule VII of the Constitution.

Powers to summon and compel attendance of witnesses and production of documents should be conferred on the inquiring authorities in departmental proceedings by suitable legislation.

The need for continuing the provisions prescribing a period of limitation for initiation of any proceeding for any thing done or ordered to be done under the powers given by special enactments such as the Central Excise and Salt Act, 1944, should be examined and if possible be totally done away with; if it is not possible to do so the period of limitation should be enlarged and it should start running from the date of knowledge of the act or order and not from the date of accrual of the cause of action.

## Section 8

The instructions issued by the Ministry of Home Affairs on 27th July 1952 regarding the procedure for dealing with anonymous complaints strike a balance between the view that such complaints should be ignored and the view that they should be ignored.

Some of the circumstances under which it would be appropriate to place a Government servant under suspension are:—

1. Cases where an investigation whether by the Police or departmental authorities, has commenced regarding.

(a) any offence or conduct involving moral turpitude;  
(b) Corruption; embezzlement or misappropriation of Government money; possession of disproportionate assets; misuse of official powers for personal gain;

c. Serious negligence and dereliction of duty resulting in considerable loss to Government;

(d) Allegations which, if proved, may result in dismissal, removal or compulsory retirement;

2. Wherever continuance in office will prejudice the investigation trial or any inquiry (e.g., apprehended tampering with witnesses or documents).

3. Whenever it is decided to prosecute the Government servant for offences which, if proved, are likely to end in his conviction and consequent dismissal removal or compulsory retirement from public service;

4. Desertion of duty;

5. Refusal or deliberate failure to carry out written orders of superior officers.

6. Where continuance in office is likely to subvert discipline in the office in which the public servant is working.

Some of the principles to be observed in dealing with requests or petitions for withdrawal of a prosecution are;

1. when once a case is put in a court it should be allowed to take its normal course.

2. If in any case it becomes necessary to consider a petition for withdrawal such a petition should be disposed of on the advice of the Central Vigilance Commission, provided that.

(a) The court has not commenced recording evidence.

(b) It is clear from the records that the competent authority had not examined the merits of the case before according sanction; and

(c) Facts have come to light which would show that no offence had been committed by the accused.

In the event of a Government servant being convicted by a court, his tenure should forthwith be put an end to even if he has filed an appeal, if the legal advice is that there is no reasonable chance of the conviction being set aside; in other cases, the Government servant should be under suspension.

Consultation with the Union Public Service Commission may be dispensed with in cases where a penalty is proposed to be imposed on the ground of conduct that led to the conviction of a Government servant by a court.

In Ministries/Departments which have to deal with grant of contracts and licenses and which deal with assessment, collection and refund of taxes, deposit facto scrutiny of disposed of files should be made to find out the nature of mistakes and irregularities as has been done in the Directorate General of Supplies and Disposals.

There should be a machinery for verification of proper fulfilment of conditions of different kinds of licenses granted by Government.

In the Ministries/Departments which have to deal with grant of contracts for construction and supplies, an attempt should be made to classify those matters which are best left to be decided by a Committee and those which are better left to be decided by individual officers.

To the extent possible transaction of Government business should be open and in accordance with declared principles and there should not be any undue secrecy.

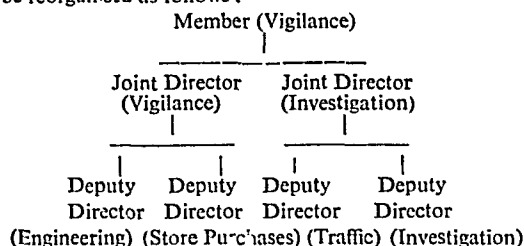
Care should be taken to see that non-official institutions which receive grants from Government function properly. These institutions should submit annual reports and audited accounts and it should be the responsibility of some specified officer to certify proper utilisation of Government grants.

## Section 9

The Administrative Vigilance Division functions substantially in an advisory capacity. The Time has come to put the entire Vigilance Organisation on a proper and adequate basis without in any way undermining the general principle that the Secretaries and heads of departments are primarily responsible for the purity, integrity and efficiency of their departments

Sub-offices of the Central Vigilance Commission may be established at Bombay, Calcutta, Delhi and Madras in charge of serving Government servants of a sufficiently high rank and to discharge such functions and duties as may be allotted to them by the Central Vigilance commission.

The Vigilance organisation in the Railways requires to be considerably improved. The Organisation should be reorganised as follows :—



The Joint Director (Vigilance) should ordinarily be an officer belonging to a service other than the Railway Service, preferably an I.A.S. Officer. The Joint Director (Investigation) should be a Police Officer of the rank and status of the Deputy Inspector-General of Police. Adequate investigating staff should be provided at Headquarters.

In the Zonal railways, the Vigilance Officer should have the status of a departmental head and be given full freedom to investigate into complaints received by him.

There should be one Chief Vigilance Officer in each Ministry/Department/Corporate undertaking. The Chief Vigilance Officer and the Vigilance Officers should be of a sufficiently high rank so that they may be able to function effectively. There should be Vigilance Officers in all subordinate and attached offices, and in important departments of the public sector undertakings.

The Central Board of Revenue has now been split into two Boards. There shall be two Chief Vigilance Officers in the Ministry of Finance one for the matters

dealt with by the Direct Taxes Board and the other for the matters dealt with by the Indirect Taxes Board.

The Chief Vigilance Officers should be appointed in consultation with the Central Vigilance Commission and the Vigilance Officers in subordinate and attached offices should be appointed in consultation with the Chief Vigilance Officer of the Ministry/Department. No person whose appointment as Chief Vigilance Officer is objected to by the Vigilance Commissioner should be so appointed. The Chief Vigilance Officer and other Vigilance Officers, besides being the link between the Central Vigilance Commission and the Ministry/Department, should, as at present, continue to be the special assistants to the Secretary or the Head of Department/undertaking in combating corruption, misconduct and malpractices in the Ministry/Department/undertaking. The Chief Vigilance Officer will be responsible for coordinating and guiding the activities of other Vigilance Officers in the attached and subordinate offices and other organisations for which his Ministry/Department is responsible.

(ii) Whole-time or part-time assistance of a Deputy Superintendent of police from the Central Bureau of Investigation may be made available to the Chief Vigilance Officer (s) of each of the Ministries/Departments/Undertakings.

The Chief Vigilance Officers and the Vigilance Officers should have complete independence to investigate complaints of corruption and malpractices.

Those working in the Vigilance Organisation should have an assurance that good and efficient work in the Vigilance Organisation will enhance their opportunities for promotion and not become a sort of disqualification.

Those posted to the Vigilance Organisation should not have the fear of returning to their parent cadre after a short period with the possibilities of facing the anger and displeasure of those against whom they made inquiries.

It should be the invariable practice to obtain integrity clearance from the Vigilance Organisation in matters relating to confirmation and promotion.

The Chief Vigilance Officers and Vigilance Officers in Departments and establishments having field organisations should have an adequate investigating staff so that such of those complaints or cases which are not handed over to the Central Bureau of Investigation may be investigated by them. The strength of the investigating staff should be determined by each Ministry in consultation with the Central Vigilance Commissioner.

All departmental proceedings against Class I and Class II officers and other important cases should be entrusted to Commissions for Departmental Inquiries attached to the Central Vigilance Commission. For

for this purpose, the number of the Commissioners for Departmental Inquiries should be suitably increased and Officers from different departments like Railways, Central Public Works Department Income-Tax Central Excise and Customs, Posts and Telegraphs should also be appointed as Commissioners for Departmental Inquiries.

The Chief Vigilance Officers in other Ministries/Departments, the Member, Vigilance, in the Railways and the Chief Vigilance Officers in the public sector undertakings should have the power to scrutinise the correctness of the findings and conclusions arrived at in a Departmental inquiry and the adequacy of punishment and initiate action for review if he considers that the punishment awarded inadequate. Similarly, the Delhi Special Police Establishment should also be authorised to move for review of findings and punishment in cases started on their report. In all these matters the advice of the Central Vigilance Commission should be freely obtained.

Training Courses should be organised for the Vigilance Officers and the programme for training should include instructions in the various laws and rules departmental procedures, methods of investigation, including collection of information and processing the same procedure for Departmental proceedings, etc. The syllabus should be devised by the Central Vigilance Commissioner in consultation with the Director of Central Bureau of Investigation. It should be open to the State Governments also to send their officers for training.

It is desirable that the Special Police Establishment should be able to spare some officers for Vigilance work and its strength should be reviewed for this purpose.

#### Section 10

The wing in the Special Police Establishment which deals in the malpractices and offences occurring in connection with the management of joint stock companies and infringement of Import/Export regulations should be expanded and strengthened to take up cases of breaches of foreign exchange regulations and important cases of smuggling, evasion of customs duty, under-invoicing and over-invoicing.

In order to secure cooperation between the special Police Establishment and the Ministries/Departments of the Central Government, separate directives had been issued by the Ministry of Home Affairs, Railway Board and the Army, Naval and Air Headquarters and Defence Production organisation. These separate directive issued from the Ministry of Home Affairs for which purpose the Central Vigilance Commission should undertake a review of these directives.

It should be the duty of every Vigilance Officer and head of department and undertaking to report to the Special Police Establishment for investigation of all cases in which allegations of bribery and corruption are made against public servants.

The present practice of obtaining prior concurrence for investigating cases against Railway Gazetted Officers should be discontinued.

All records and documents required by the Special Police Establishment should be made available to them for inspection and scrutiny ordinarily with a fortnight and positively within a month from the date of the receipt of the request.

Superintendents of Police in charge of Special Police Establishment Branches should also be authorised to write to Accountant General Concerned direct and to requisition the documents in the possession of audit which are relevant to any inquiry or investigation made by the Special Police Establishment.

In cases where the Special Police Establishment are investigating serious charges, request for transfer of such Government servants should be complied with quickly.

Government servants required for examination by the Special Police Establishment should become available for that purpose quickly.

Requests for statements regarding pay, allowances, etc. of Government servants against whom investigations of the allegation of possession of disproportionate assets are being made should be made available Special Police Establishment within a month of receipt of such request by the audit and for this purpose it would be desirable to designate a specified officer whom the Special Police Establishment could approach.

Officers of the Special Police Establishment should be allowed to go foreign countries whenever inquiries of a complicated nature on important points are necessary, if this is certified by the Central Vigilance Commission.

There should be a Central Organisation to conduct examinations and inspections and to give technical opinion on all cases relating to constructions, works, diggings etc. irrespective of the Ministry or Department to which he may relate. This Central organisation should include other specialist and should be placed under the Central Vigilance Commission.

Proposals for strengthening the Government Examiner of Questioned Documents Establishment which are reported to be under consideration should be finalised quickly.

Research Centres and Laboratories which are under the control of State Governments should also deal with the request from the Special Police Establishment on a priority basis.

The Central Figure Print Bureau, Calcutta, should undertake comparison and opinion work in Special Police Establishment cases.

Request for granting sanction to prosecute should be dealt with expeditiously.

As a general rule, public servants found guilty of bribery, corruption or other criminal misconduct should be prosecuted in the first instance if the evidence is sufficient for that purpose. In other cases, departmental action should be taken in the first instance and the question of the prosecution would not generally arise. Difference of opinion as to whether prosecution in a court or departmental action should be taken in the first instance should be referred to the Central Vigilance Commission for advice.

In all States except one, Special Judges and Magistrates for trying Special Police Establishment cases are notified by a general order but in one State, the State Government have to pass orders allotting each case to a Special Judge or a Magistrate. The Practice in this regard should be the same as is followed in all the other States.

If the Special Judge or Magistrate appointed to try Special Police Establishment cases is also allotted other work such a Judge or Magistrate should accord priority to Special Police Establishment cases.

All the State Governments should be persuaded to issue instructions that the Special Police Establishment cases should be conducted by the Government Advocate or the Senior Assistant Government Advocate in the High Courts. If this is not possible, the Special Police Establishment should be authorised to engage its own counsel.

Departmental inquiries against all Gazetted officers should be conducted by Commissioners for Departmental Inquiries. Such inquiries against non-gazetted employees should also be conducted and completed expeditiously.

In cases investigated by the Special Police Establishment the inquiry record should be made available to the Special Police Establishment quickly so that they may be in a position to review that the adequacy of the punishment if the Special Police Establishment recommend a review and, if there is a difference of opinion, the matter should be referred to the Central Vigilance Commission.

Informants and witnesses should be afforded sufficient protection and should be saved from harassment.

The Special Police Establishment should be strengthened and the proposed additional strength is given in Annexures XIV to XVI.

(i) There should be two more posts of Deputy Inspectors General of Police.

(ii) Branches should be established for the States of Kerala and Jammu and Kashmir.

(iii) There should be a Branch at Ranchi.

(iv) There should be 5 wings of the Central Investigating Agency.

(v) The Special Police Establishment Branches at Delhi, Ambala, Bombay and Madras, should be strengthened to deal with anti-corruption work in the Union Territories.

(vi) There should be a small Special Police Establishment Unit at Manipur with jurisdiction over Manipur and Tripura. This unit should be work under the overall control of the Superintendent of Police, Special Police Establishment, Shillong.

(vii) Another post of Deputy Legal Adviser should be created.

(viii) The grade of Assistant Public Prosecutor should be abolished and there should be only two grades, namely, Senior Public Prosecutor and Public Prosecutor.

Overseers Sectional Officers of the Central Public Works Department, Railway Engineering Service and the Military Engineering Service may be taken on deputation in the Special Police Establishment in all the branches except the Central Investigating Agency Branch. An officer of the grade of Executive Engineer should be taken on deputation at the Special Police Establishment.

Inspectors from the Income-tax, Central Excise and Customs Department should also be taken on deputation. One post of Junior Technical Officer (Accounts) should be created in the Branches at Bombay, Calcutta and Madras.

A percentage of posts in the ministerial cadres of the headquarters of the Central Bureau of Investigation shall be excluded from the Central Secretariat Service.

The scale of special pay/allowances should be improved so that the total emoluments are commensurate with the important and difficult duties with the Special Police Establishment Officers have to perform, particularly, in respect of those officers who are taken on deputation.

Adequate housing facilities should be provided for the Special Police Establishment Officers and other staff. If Government houses are not available buildings should be taken on rent by Government and given to its officers.

## Section 11

There is a large consensus of opinion that a new tradition of integrity can be established only if the example is set by those who have the ultimate responsibility for the governance of India. Namely the Ministers of the Central and State Governments. In the interest

of the future of public life, the following steps should be taken :

(i) A code of conduct for Ministers including the provisions suggested for public servants relating to acquisition of property, acceptance of gifts and disclosure of assets and liabilities should be drawn up. This code of conduct should be placed before Parliament and States Legislatures. The Prime Minister and Chief Ministers should consider themselves responsible for enforcing the code of conduct.

(ii) Specific allegation of corruption on the part of a Minister at the Centre or a State should be promptly investigated by an agency whose findings will command respect. If a formal allegation is made by any 10 members of Parliament or a Legislature in writing addressed to the Prime Minister or Chief Minister through the Speakers and Chairman, the Prime Minister or Chief Minister should consider himself obliged, by convention, to refer the allegations for immediate investigation by a Committee as has been suggested hereinafter.

This would be in addition to the responsibilities of the Prime Minister and Chief Ministers of States to take note of allegations made in the Press or which otherwise come to their notice. In respect of such allegations also the Prime Minister and the Chief Ministers should be free to refer the matter to the Committee referred to above. In all other cases the Ministers against whom the allegations are made should, as a rule, institute legal proceedings by filing a complaint for criminal defamation and the Ministers concerned should be given legitimate assistance by the Government of which they are Ministers.

In cases where the Ministers are unwilling, the Prime Minister or the Chief Ministers of States, as the case may be, should consider themselves, obliged by convention, unless there is irrefutable proof of integrity of the Minister concerned, to advise the President or the Governor, as the case may be to withdraw his pleasure, which would mean the Minister will have to go out of office, unless he himself resigns.

The Central Vigilance Commission should not deal with complaints against the Ministers nor would it be desirable to establish any permanent tribunal. The proper course would be for the President to constitute, on the advice of the Prime Minister, a "National Penal". Whenever allegations against a Minister require to be inquired into an ad hoc committee should be selected out of this penal by the President. The Committee may consist of three persons one of whom at least should have held or should be holding a high judicial office. It should be the duty of the Committee to ascertain whether there is a prima facie case. The Committee should have the power to direct the Central

Bureau of Investigation, in suitable cases, to investigate and report. If the Committee wishes to make any inquiries otherwise than through the Central Bureau of Investigation, it would be given all the necessary facilities and assistance including free access to all documents, files etc., without being hampered by any claim of privilege. On the completion of the inquiries either through Central Bureau of Investigation it should be given all the necessary facilities and assistance including free access to all documents, files, etc., without being hampered by any claim of privilege. On the completion of the inquiries either through the Central Bureau of Investigation or otherwise the Committee should consider the available material and advise as to further action, if any, that may be necessary. It may advise that a regular case be registered for investigation with a view to prosecute the Minister concerned or a commission of inquiry under the Commissions of Inquiry Act, 1952 be appointed. If the Committee makes such a recommendation the Minister should resign as a matter of convention and should remain out of office till the completion of the proceedings. If the Minister is found guilty of the allegation or is found to have been corrupt, he should be dismissed and should also become ineligible for becoming a Minister or for holding any elective office. The necessary legal instruments for giving effect to this provision should be brought into existence. Until such time as the necessary legislation is made, there should be a convention which would give effect to this provision. As publicity would be an effective instrument there should be a convention that the findings of the Committee would be placed before Parliament or State Legislatures. Suitable legal provisions should be made to afford protection from proceedings for defamation in regard to the proceedings and the findings of the Committee.

The integrity of Members of Parliament and of the Legislatures in the States will be a great factor in creating a favourable social climate against corruption. It has been talked about that some Members use their good offices to obtain permits, licences and easier access to Ministers and Officials for industrialists and businessmen. In the case of Legislators who are in the employment of private undertakings for legitimate work, it is desirable that such legislators should declare the fact of such employment so that it may be open and known. Such legislators should not approach Ministers or Officials in connection with the work of the employers and also should not participate in the discussion or voting on demands or proposals in which the undertakings or firms are interested. Other legislators, who are not such bona fide employees, should on no account under-



take, for any valuable consideration or other personal advantage, to promote the interests of or obtain favours for any private party either in the legislature or with Government. It is desirable that a code of conduct for legislators embodying these and the other principles should be framed by a Special Committee of the Parliament and Legislatures nominated by the Speakers and Chairmen. The Code should be formally approved by resolutions of Parliament and the respective Legislatures and any infringement of the code should be treated as a breach of privilege to be inquired into by the Committee of privileges. If a breach is established, action including termination of membership, may be taken. Necessary sanctions for enforcing the code of conduct should also be brought into existence.

The conduct of political parties should be regulated by strict principles in relation to collection of funds of electioneering. A total ban on all donations by incorporated bodies to political parties and for political purposes will clear the atmosphere. All political parties should keep a proper account of their receipts and expenditure and should publish annual audited statement of such accounts giving details of all individual receipts. Failure to do this should debar a political party from recognition by the Election Commission, the Postal authorities and Banks. Those who receive donations for political purposes should have to account for them in their own audit account and include them in their total income for purposes of income-tax.

Central and State Governments should make it a point to scrutinise carefully all complaints and allegations appearing in responsible newspapers and investigate them thoroughly. Editors and reporters should be encouraged under a pledge of secrecy to communicate to the Chief Vigilance Officers or the Central Vigilance Commissions about suspected corrupt practices and all such reports should be promptly inquired into. The Press should be informed of the result.

Drastic action should be taken against irresponsible newspapers which make reckless allegations. It should be the invariable practice to prosecute such newspapers unless they can establish the truth of their allegations. It should not be left to individual Officers or Ministers to take such action and for this purpose the existing law and procedure must be reviewed.

Voluntary public organisations willing to Assist Government in combating corruption should be invited to co-operate with the Government in the fight against corruption. The reports from organisations should be protected and treated as confidential unless the organisations concerned agree to their publications.

The responsible heads of the Panchayat Raj Institu-

tions, namely, the Sarpanches, the Chairman and Presidents of the Panchayat Samities and the Zila Parishads should consider it as part of their duties to report to Government all cases in which corrupt practices are suspected. The enthusiasm of these persons can be maintained only if their reports are given prompt and serious consideration, and they are informed of the results of investigations based on such reports.

It is desirable to create a situation in which those officials who have been found guilty of corruption feel not only that they lost their jobs but also feel socially degraded.

A similar mobilisation of public opinion against persons who corrupt the officials or evade taxes, or indulge in other anti-social practices is necessary. Ministers and high officials should take particular care to avoid any situation which is likely to create the impression that such persons enjoy their confidence, support or patronage.

It should be one of the important functions of the Central Vigilance Commission to explore all possible methods of mobilising public opinion against corruption in public life and services. It should become the fearless champion of integrity and fair-dealing.

## Section 12

Our general recommendations relating to conduct rules, disciplinary rules, preventive measures and procedural matters relating to contracts, purchases, etc., will apply to the Ministry of Defence and its establishments except in so far as other provisions have been made in the Army, Navy and Air Force Acts.

The Chief Justice of India in consultation with the Chief Justices of the High Courts should arrange for a thorough inquiry into the incidence of corruption among the judiciary, and evolve, in consultation with the Central and State Governments, proper measures to prevent and eliminate it. Perhaps the setting up of vigilance organisations under the direct control of the Chief Justice of every High Court coordinated by a Central Vigilance Officer under the Chief Justice of India may prove to be an appropriate method.

The University Grants Commission and the Inter-University Board should take immediate steps to institute an inquiry into the malpractices that may be prevailing in the universities and evolve measures to fight them.

An important condition of assistance given to non-official organisations should be that these bodies are free from any corrupt practices and measures. Including audit, should be devised to enforce this condition.

# COMMITTEE ON RESIDENTIAL ACCOMMODATION FOR STUDENTS AND TEACHERS, 1962—REPORT

New Delhi, University Grants Commission, 1965. 25p.

**Chairman :** Dr. M.S. Mehta.

**Members :** Dr. B. Prasad ; Dr. G.D. Parikh; Shri P.T. Chand; Shri Chandran ; D.S. Devanesan ; Shri P. G. Mavalankar ; Shri K.N. Sen ; Dr. R.K. Singh.

**Secretary :** Shri R.K. Chhabra;

## APPOINTMENT

The University Grants Commission appointed the Committee on Residential Accommodation for Students and Teachers in 1962.

## TERMS OF REFERENCE

The terms of reference of the Committee were as follows :

- (i) To enlarging and improving facilities for residential accommodation in the universities ;
- (ii) To study the problems in all aspects and prepare a broad outline plan for consideration of the Commission.

## CONTENTS

Introduction ; Students Hostels ; Staff Quarters ; Future Policy And Programme ; Summary of Recommendations ; Appendix.

## RECOMMENDATIONS

### Student Hostels

Efforts should be made to maintain the present proportion of students provided with hostel accommodation. If possible this proportion should be increased in the years to come.

Since the physical environments of the residence exert a powerful influence on the character and attitude of the individual, the planning of a hostel should be efficient, logical and pleasant. The building should be so planned that it provides for quiet individual work and for the growth of community feeling.

To realise the full benefit of hostel life, different wards of the hostel may be organized on the basis of 'houses' and 'fraternities'.

The local authorities or the State Governments may be persuaded to grant exemption of ground rents and reduction of rates and taxes on the hostels which will ultimately reduce the hostel fees charged from the students.

The expenditure on hostels should be treated as an

admissible item of grant for the universities and colleges.

The schedule of hostel fees should be adjusted in a way as can provide for rent free accommodation to about 5 to 10 per cent of the students living in hostels who could be selected on the basis of merit.

Effort should be made to provide hostel accommodation to about 75 per cent of the students in institutions of All-India character. The possibility of granting financial aid to students in these hostels to cover all their expenses may also be explored.

Certain types of work in the hostel may be distributed among the students on payment of small remuneration and a 'mutual assistance fund' started in the hostels for the benefit of needy students.

Every hostel should have essential provisions like sick room, indoor games, reading room and a place for congregation for purposes other than intellectual and academic.

The hostels should have common kitchens and common messes. The messes should be organised on co-operative basis.

The University Grants Commission should provide grants for the renovation of existing hostel buildings.

Some senior students may assist the Warden in supervision of the hostel in return for some remuneration.

The hostels for postgraduate students should be planned differently from those of undergraduate so as to provide proper facilities for a congenial environment and for a quiet place for study.

On account of the growth of collegiate education in the rural areas the accommodation problem for both students and teachers requires greater attention and suitable grants should be provided by both State Government and the University Grants Commission on liberal scale for this purpose.

With the spread of education among middle-class women a large provision for hostels for them has become essential and should be planned in a systematic way. The universities should be encouraged to undertake a programme of promoting these facilities.

It is not desirable at this stage to encourage common hostels for men and women. Women hostels may be organised as distinct units and wherever possible located on the campus.

The warden may not necessarily be a senior teacher. If a junior teacher possesses requisite qualities, there

should be no bar in his functioning as warden of the hostel.

A big hostels do not provide sufficient opportunities for enough contact, small hostels of say 50-60 seats may be encouraged. However, where it is not possible provision should be made for sub-warden. The warden's and subwarden's house should be located either in the hostel itself or close to the hostel. The University Grants Commission should assist the universities for the construction of houses which may accommodate senior teacher and about 10-12 students living together as a single family.

The University Grants Commission should liberalise the rules for the grant of assistance for the construction of hostels so as to obviate the necessity of procuring matching funds.

The approach of comparatively more emphasis on university hostels hitherto adopted should be revised and improvements in the living conditions of college hostels given an equally high priority.

It is not possible to lay down a uniform pattern of hostels for all cases. The norms and standard of accommodation of dining and sanitary arrangements suggested by the University Grants Commission panel on hostels should be kept in view as guiding principles.

In the rural areas and provincial cities hostels accommodating 8-12 students who live together, cook their food themselves may be set up on experimental basis.

#### **Students Homes**

In order to provide facilities to students for quiet

study the universities and colleges should be encouraged to establish 'Students Homes' or 'Day Hostels' which should provide reading accommodation and have small library and cafeteria.

#### **Staff Quarters**

Steps should be taken to provide residential accommodation for 50 per cent of the teachers in universities and colleges by the end of the Fourth Plan.

The houses for teachers may be of two types and the accommodation provided need not be related to the position of the teacher.

It would be preferable to provide outright grants to universities and colleges for the construction of staff quarters. If grants to the extent necessary are not feasible, interest free loans may be given by the University Grants Commission or the local Governments. Such loans may be given to teachers for building houses on convenient terms.

For the residential accommodation provided by the institution to the teachers a subsidised rent @ 5 per cent of the salary may be charged as in the case of armed forces.

The University Grants Commission may involve the Central Ministry of Works and Housing in the programmes of residential accommodation for students and teachers.

The University Grants Commission may consider setting up of a research cell for examining the methods through which the cost of building could be reduced.

## **CENTRAL WAGE BOARD FOR IRON AND STEEL INDUSTRY, 1962—REPORT**

New Delhi, Department of Labour and Employment, 1965,  
232, VIII, III, II, IVp.

**Chairman :** Shri G. K. Shinde

**Members :** Shri Akbar Ali Khan ; Prof. M. L. Dantwala ; Shri M. S. Rao ; Shri Sardindu Gupta ; Shri Michael John ; Shri Gopeshwar

**Secretary :** Shri V. R. Kulkarni.

#### **APPOINTMENT**

In pursuance of the recommendation contained in para 25 of Chapter XXVII of the Second Five Year Plan regarding the establishment of tripartite Wage Boards

for individual industries, the Government of India have set up a Central Wage Board for the Iron and Steel Industry vide its Resolution No. WB-II (I) 61 dated January 5, 1962.

#### **TERMS OF REFERENCE**

(a) To determine the categories of employees (manual clerical, supervisory, etc.), who should be brought within the scope of the proposed wage fixation ;

(b) To work out a wage structure based on the principles of fair wages set forth in the report of the

## Committee on Fair Wages.

### CONTENTS

Introductory ; A General Survey of the Industry ; Interim Relief ; Scope of Enquiry ; General Principles Governing Fixation of Wages ; Minimum Wage ; Basic Wage, Dearness Allowance and allied matters ; Differential and Revised Wage scales ; Ministerial Staff ; Capacity of the Industry to pay ; Fringe Benefits ; Miscellaneous ; Summary of Recommendations ; Acknowledgement ; Schedules I, II, III, IV & V (containing revised scales of Wages) ; Appendices from I to VII.

### RECOMMENDATIONS

**Scope :** The scope of the Wage Board extends to six Steel plants located at Jamshedpur, Burhanpur, Bhilai, Rourkela, Durgapur and Bhadravati.

**Vertical Scope :** Workmen getting a basic wage upto Rs. 500 p.m. (marginal cases to be included) be included within the scope of enquiry, Apprentices and trainees should be excluded. The special Staff of the Indian Iron and Steel Co. Ltd. should included.

**Horizontal Scope :** Employees employed outside the plants in service like, town, medical, educational, municipal, Water Works Departments, etc. should be included within the scope of enquiry.

**Head Office Staff :** Employees of the Head Office and Sales Offices situated outside the plant town be excluded from the scope of enquiry.

**Other Categories Of Employees :** All employees who work in the existing plants for production, repairs, alterations, should be treated on par with the employees employed inside the plant.

**Administrative Office Employees :** All such employees employed at the plant location and working in administrative offices like those of General Manager's Office, Account's Office, Works Engineering Office etc. though located outside the plant will be included within the scope of enquiry.

**Minimum Wage For Men Production And Maintenance :** The Board is of the view that it would be appropriate to fix Rs. 125 per month as the need based wage for unskilled men engaged in Works Department of the Steel Plants on Production or maintenance jobs. Only in the case of the Mysore Iron and Steel Ltd. slightly lower minimum wage i.e. Rs. 115 per month has been recommended.

**Minimum Wage For Men (Service And Outside Works) :** The minimum wage for men in Service Departments and those engaged outside the works would be Rs. 120 per month. Only in the case of the Mysore Iron and Steel Limited it would be Rs. 110 per month.

**Minimum Wage For Women :** The minimum wage for the lowest paid unskilled women will be Rs. 115 per month. Only in the case of the Mysore Iron and

Steel Ltd. it would be Rs. 105 per month (Production and Maintenance) and Rs. 104 per month (service and outside).

**Grades :** The following graded scales have been recommended for the lowest paid workers.

#### For Iisco Lisco And H.S.L

Men (Production, Maintenance)	—Rs. 125—135
Men (Service & Out-side works)	—Rs. 120—130
Women (Production, Maintenance)	—Rs. 115—135
(For H.S.L. 115—130)	
Women (Service & Outside works)	—Rs. 115—130

#### For Mysore Iron And Steel Ltd.

Men (Production, Maintenance)	—Rs. 115—125
Men (Service & Outside works)	—Rs. 110—120
Women (Production, Maintenance)	—Rs. 105—125
Women (Production & Outside works)	—Rs. 104—120

**Equal Pay For Equal Works :** In fixing the above scales for men and women it is understood that differentiation will be justified only if there is difference in their job content.

**Dearness Allowance For the Lowest Paid Unskilled Worker :** The revised dearness allowance for the lowest paid unskilled worker will be :

Tata Iron and Steel Co. Ltd.	Rs. 64
Indian Iron and Steel Co. Ltd.	Rs. 64
Hindustan Steel Limited	Rs. 45
Mysore Iron & Steel Limited	Rs. 50

**Split Of Wages In Dearness Allowance And Basic Wage :** The split of the total wages of the lowest paid unskilled worker into basic wage and dearness allowance shall be as under.

Organisation	Production and Maintenance					
	Basic Pay		D.A.	Total		
	Women	Men	All	Women	Men	
	Rs.	Rs.	Rs.	Rs.	Rs.	
TISCO	51-2-71	61-2-71	64	115-135	125-135	
LISCO	70-1-71-	80-2-90	45	115-130	125-135	
H.S.L.	2-85.					
MISL	55-2-75	65-2-75	50	105-125	115-125	
<b>Service And Outside Works</b>						
TISCO	51-1,85-	56 2-66	64	115-130	120-130	
IISCO	62.10-1.95-					
	66					
H.S.L.	70-71-2-	75-2-85	45	115-130	120-130	
	85					
MISL	54-2-70	60-2-70	50	104-120	110-120	

**Note :** The cash coke subsidy granted by the Tata Iron and Steel Co. Ltd. and cash value of subsidised sale of coke by the Indian Iron and Steel Co. Ltd. which is said to be Rs. 9 shall be part of dearness allowance. The coke shall be continued to be supplied

o the employees by these companies as at present but at the controlled rates. House Rent of Rs. 4 in the case of the employees of the Indian Iron and Steel Co. Ltd. who are not provided with quarters should be merged in dearness allowance. If, however, the management and the recognised union of the Indian Iron come to an agreement that the present system of supply of coke and payment of house rent allowance should continue, the Board would have no objection of such an arrangement ; but in that case the dearness allowance payable would be reduced correspondingly.

**Cost of Living Index :** The wages be linked with the All India Consumer Price Index (1949=100). The wages already recommended by the Board are related to the average of the All India Consumer Price Index for the year 1964 which is 152.

**Adjustment In Dearness Allowance :** The dearness allowance should be variable. The rate of increase or decrease should be of Rs. 1.50 for every two points rise or fall in the all India Consumer Price Index 1949=100, provided that :

(i) There will be no change in the dearness allowance, either upward or downward, for the first six months from the time of the introduction of the revised wage structure ; and

(ii) There will be no downward revision unless the index falls below 144.

The dearness allowance should be revised every three months in the months of March, June, September and December, on the basis of the average all India consumer price index number of the previous quarters, October to December, January to March, April to June and July to September. It is recommended in paragraph 12.6 that the revised wage structure should be introduced from 1st April, 1965. This would mean that there will be no charge in the dearness allowance for the months, April 1965 to September 1965, upward or downward, and the first change would be made as soon as the figures of the all India Consumer Price index for October 1965 to December 1965 are available.

**Neutralisation :** The adjustment in dearness allowance recommended above gives 100% neutralisation in the rise or fall of the cost of living for lowest paid worker tapering off gradually as the wages rise.

**Production/Incentive Bonus :** For production/incentive bonus schemes bonus earnings will continue to be determined on the same basic wage in each case as applicable prior to these recommendations. The Board recognises that with the change of circumstances the production/incentive bonus can be modified at the appropriate time.

**Retiring gratuity :** The Present scheme of paying retiring gratuity in the Tata Iron and Steel Co. Ltd. and the Indian Iron & Steel Co. Ltd. is to continue. The Hindustan Steel Limited has no scheme of retiring

gratuity at present. The basic wage and dearness allowance for the circulation of gratuity, shall be those recommended by the Board.

**Conversion Of Daily-Rated Scales Into Monthly Rated Scales :** All the daily rated scales be converted into monthly rated scales. The monthly rated scales are for a calendar month with the usual weekly off which must be available to all the workers.

**Acting Allowance :** After conversation of daily rated scales into monthly rated scales the privilege of the daily rated employees getting acting allowance when they act in higher rated jobs even for a day or part of a day shall continue.

**Leave :** After conversation of daily-rated scales into monthly rated scales the employees of the Tata Iron and Steel Co. Ltd., the Indian Iron and Steel Co. Ltd. and the Mysore Iron and Steel Ltd. should be allowed five days casual leave. The Hindustan Steel Limited will continue give casual leave as now. No other additional leave benefits for the daily rated employees on being converted into monthly scales shall be available. All the future entrants to these converted scales will continue to get privilege leave at the rate of one day for 20 days work performed as at present and they will not be entitled to any furlough leave in the Tata Iron and Steel Co. Ltd. and the Mysore Iron and Steel Ltd. wherever these recommendations are at variance with the certified standing orders of the company, the management and the recognised union will approach the certifying officer for an amendment of the certified standing orders in accordance with these recommendations and the implementation of the recommendations will be subject to such certification. Meanwhile the employees should be paid the total emoluments as now recommended by the Board through calculated on daily rated basis.

**Practice Of Taking Work In Breach Of Section 51 And 52 Of The Factories Act In The Indian Iron And Steel Co. Ltd :** The practice to take work from the employees of the Indian Iron and Steel Co. Ltd. for all the seven days in a week without a weekly off should be stopped in doing so it must be ensured that no existing worker suffers any reduction in total emoluments including the amount earned due to his having to work even on the weekly off days in the month) provided the workers are prepared to take on themselves without (increase in manning as far as practicable the additional worked arising from the change over to shift cycle and weekly off as required under Factories Act.

**National Holidays :** All the Steel Plants should give the following paid national holidays :

Republic Day	26th January
Independence Day	15th August
Mahatma Gandhi's Birth Day	2nd October.

The Tata Iron and Steel Co. Ltd. would continue to

give Founder's Day on the 3rd March as a paid holiday.

**Scales Of Dearness Allowance:** The proposed scales of dearness allowance shall be as per paragraph 8.24, 8.26, 8.27 and 8.28 for the Hindustan Steel Limited, the Tata Iron and Steel Co. Ltd, the Indian Iron and Steel Co. Ltd. and the Mysore Iron and Steel Ltd, respectively.

**Wage Structure:** The revised wage structure is given in Schedule I, II, III and IV attached to the report.

**Explanations And Safe Guards:** In the case of the Indian Iron and Steel Co. Ltd, the scales for the security Guards, special staff and Medical Department could not be finalised.

They should be settled between the management and the recognised union. The scales for the daily rated personnel in town, watch and ward and sanitary services will be the same as corresponding revised scales for works.

In the case of Mysore Iron and Steel Ltd., Bhadravati, the scales, for the Hospital, canteen, school town, watch, and ward etc, departments could not be finalised. They should be settled between the management and the recognised union by mutual negotiations.

It is possible that some of the existing wage scales may have been omitted in the schedules. It is expected that the Managements and the recognised unions concerned will negotiate a suitable wage scale, in all such cases, keeping in view the differentials indicated in the other similar revised wage scales.

It is recommended that so far as the production/incentive bonus schemes, which are at present in operation in the various plants, are concerned, the bonus earnings of the employees will continue to be determined on the same basic wages in each case as applicable prior to the coming into force of these recommendations. The Board, however, recognises that, with the change of circumstances, the production incentive bonus schemes can be modified at the appropriate time.

**Revised Scales Of The Ministerial Staff:** The revised lowest scales of the Ministerial staff shall be as under:

- (1) TISCO...Rs 90-5-100-10-220-15-265  
(This will give Rs. 158 at the minimum and Rs. 364 at the maximum).
- (2) H.S.L Rs. 117-8-149-10-189-Test-12-285-15-300  
(This will give Rs. 162 at the minimum and Rs. 355 at the maximum)
- (3) IISCO Rs. 95-5-125-7-160-EB-8-200.  
This will give Rs. 165 at the minimum and Rs. 275 at the maximum and in addition Production Bonus).
- (4) MISL Rs. 85-4-97-5-112-EB-7-140.  
(This will give Rs. 140 at the minimum and Rs. 200 at the maximum).

## Explanations

In the case of the Hindustan Steel Limited the present lowest two grades of Rs. 110 to Rs. 180 and Rs. 130 to Rs. 280 have been merged into one Rs. 117-300.

In the case of the Indian Iron and Steel Co. existing grades A, A & B and B have been merged into a single grade of Rs 95-200.

In the case of the Mysore Iron and Steel Ltd. the existing lowest three grades, viz. III Division and II Division Clerks and typists have been merged.

In the case of the Hindustan Steel Ltd. the present incumbents on the post of Lower Division Clerk shall be subjected to a test after reaching the stage of Rs. 189, only successful candidates will be eligible for the subsequent increments. This present incumbents of the post of Upper Division Clerk in the Hindustan Steel Ltd. and Senior Clerks in the Indian Iron and Steel Co. Ltd, will not be subjected to this test, similarly, in the case of the Indian Iron, there will be an Efficiency Bar at Rs. 160.

For future recruits the managements of the Steel Plants may revise the minimum qualifications for recruitment of ministerial staff.

**Scales Of Laries:** Scales of salaries and revise of dearness allowance for Ministerial staff in each of the Steel Plant shall be as in Schedule V.

**Fitment:** The following procedure should be followed in fitting the existing employees in revised scales;

Employees would be fitted at a step in the revised scale nearest to their own rate of pay in the existing scale so that the benefit received is not less than one scale increment of the revised scale.

**Pro-Rata Payment:** The existing daily rated employees who have been converted into monthly rated in departments or units in the Plant which work less than 18 shifts in a week will be paid pro-rata as at present.

**Weekly Off:** We have already recommended that all the employees should be given one full day's weekly off. Such of the existing daily rated employees in the town & medical departments of the Tata Iron and Steel Co. Ltd. who at present work for half-day on Sundays (but get full day's wages at present) will be given a full day weekly off, on their being converted into monthly rated, and an allowance equivalent to two day's basic wages will be paid as personal to them.

**Safe Guards:** Merely as a consequence of implementation of the recommendations of the Board, any facility, privilege, amenity, benefit monetary or otherwise, or concession to which an employee might be entitled by way of practice, or usage shall not be withdrawn, reduced or curtailed without an agreement with the recognised union, unless there is a specific direction to that effect in these recommendations:

**Disputes Regarding Fitments :** If there be any dispute in respect of implementation of the recommendation of the Board regarding the fitment of employees in the proposed scales the same may be resolved by bipartite negotiations between the management of the Steel Plant

and it's recognised union.

**Date From Which The Recommendations Should Be Given Effect To :** The recommendations of the Board shall come into effect from the 1st April, 1965.

## **DERAILMENT OF NO. 110 UP TRIVANDRUM-MADRAS PASSENGER AT SUNDARAPERUMAL KOIL STATION (SOUTHERN RAILWAY) ON 2ND MARCH, 1962—REPORT**

Delhi, Manager of Publications, 1964 12p.

**One-Man Commission :** Shri H. S. Hart.

### **APPOINTMENT**

The commission was constituted under the Ministry of Transport of Communications (Railway Inspectorate) in accordance with Rule 9 of the Railway Board's Notification No. 1926-T dated 19th March, 1930.

### **TERMS OF REFERENCE**

To inquire into the derailment of No. 110 Up Trivandrum-Madras Passenger at Sundaraperumalkoil Station on the Mayuram-Thanjavur Metre Gauge Main Line Section of the Southern Railway at about 19-46 hours on the 2nd March, 1962.

### **CONTENTS**

Inquiry ; Description of the accidents ; Disposition of the engine and first two Coaches ; Casualties ; Composition of the train ; Damage ; Relief Arrangements ; Restoration of Communications ; Number of Passengers ; Weather Conditions ; Description of Local Conditions (Description of the locality ; Description of the station and method of working ; Description of the Permanent Way ; Permissible speeds) ; Summary of Evidence Observations and Tests (Track ; Engine and Rolling Stock ; Braking Test) ; Discussion (Time of the Accident ; Condition of the Points and Signals ; Possibility of Sabstage ; Condition of the Brakes ; Condition of the Engine ; Condition of the Coaches ; Speed of the train ; Responsibility of the Driver ; Condition of the Track ; Responsibility for the sharp curvature of the turn-in portion to road No. 3 ; Conclusions.

### **CONCLUSIONS**

#### **Cause Of The Accident**

From the evidence available I have come to the

conclusion that the derailment of No. 110 Up "Trivandrum-Madras Passenger" at Sundaraperumalkoil station on the Mayuram-Thanjavur Metre Gauge Main Line section of the Southern Railway at 19-46 hours on the 2nd March 1962 was due to the spread of gauge on the 50 lbs. B.H. cast iron pot sleeper road on the turn-in portion of the second loop at the Thanjavur end. I have also come to the conclusion that the spread of gauge was caused by the track being subjected to excessive flange forces exerted by the engine No. YP 2052 which in turn was due to :

(a) The curvature of the turn-in portion of road No. 3 at the spot being sharper than what is laid down in the Metre Gauge Schedule of Dimensions and the Indian Railways Way and Works Manual, and

(b) The spread of entry of No. 110 Up into the second loop being appreciably in excess of the prescribed maximum of 10 m.p.h.

#### **Responsibility For The Accident**

(i) The Permanent Way Inspector, Shri L. Amalraj, was responsible for the accident, in as much as he failed to check the curvature of this turn-in curve to the second loop and ensure that the curvature was within the prescribed limits. He thereby violated G.R. 198 (a).

This Permanent Way Inspector, who was meaning 55 years at the time, was originally appointed as a substitute clerk in November 1925, but later transferred as a temporary Permanent Way Sub-Inspector in September 1928. In October 1947, he was first promoted as a Permanent Way Inspector and had been in charge of this section since August 1961. During his 36 years' service, he had only the following adverse entries made against him in his service record :

(a) Warned in April 1942 for failure to maintain the Permanent Way in a yard during the hot weather.

(b) Warned for failing to report a contractor in connection with the manufacture of windows in November 1943.

(c) Censured in April 1953 for not having brought to the notice of his Assistant Engineer or Divisional Engineer the loss of sand ballast.

(ii) Driver Shri T.V. Dharmalingam was also responsible for the accident, inasmuch as he failed to reduce the speed of his train to 10 m.p.h. While entering the second loop, thus violating G.R. 90 (a).

This Driver, who was 53-1/2 years at the time, was originally recruited as a Cleaner in November, 1929. He was first promoted as a Driver in July 1946 and later promoted to officiate as Driver 'B' Grade with effect from June 1957, though reverted back as Driver 'C' Grade in April 1959. He was again promoted to officiate as a 'B' Grade Driver in July 1960. He had been last medically examined in September 1961 who he had been considered fit for service in Class A (i) with glasses. With regard to his general record, there had been a very large number of adverse entries in his service Record during the previous ten years, but mainly

to the effect that his monthly fuel consumption had been heavy.

#### Relief Arrangements

I am satisfied that the first aid and medical relief rendered to the injured were both prompt and adequate. In this connection, special mention may be made of the services rendered by Dr. Swaminathan (a passenger in the train) and Dr. Paramahamsan of the Local Government Dispensary. Credit is also due to the prompt action taken by Dr. M.R. Kesavan (Resident Medical Officer, Government Hospital, Kumbakonam) and Dr. Ganapathy and Veerabhadran (Civil Surgeon and Assistant Surgeon, Thanjavur, respectively) who rushed to the site with ambulances and removed the more seriously injured passengers to the hospitals at Kumbakonam and Thanjavur. I have also to commend the sense of duty displayed by Shri S. Murugesan, Brakesman of No. 110 Up Passenger, who, despite having sustained a grievous injury himself, rendered help in rescuing the injured and attending to them after the accident.

## JUTE COMMITTEE, 1962—REPORT

New Delhi, Ministry of International Trade, 1963. 54p.

Chairman : Shri N.C. Srivastava.

Members : Shri K. V. Venkatachalam; Shri A. Bakshi; Shri S.C. Chaudhri.

Member -

Secretary : Shri A. Mozoomdar.

#### APPOINTMENT

A target of 9,00,000 tons has been fixed for export of Jute manufactures in the Third Five Year Plan. Jute Manufactures occupy a very important position in the economy of the country inasmuch as they contribute the major share in the foreign exchange earnings of the country. It is important, therefore, to ensure that the industry fulfills the role assigned to it. With a view to examine the various factors affecting a steady increase in the exports of Jute manufacture, both in terms of quantity and value, and to suggest ways and means by which the industry can be enabled to achieve the target fixed in the Third Plan.

The Jute Committee was set up by the Government of India, Ministry of Commerce and Industry by its Memorandum No. 5 (1)-Tex (D)/62 dated March, 6/7, 1962.

#### TERMS OF REFERENCE

(1) The steps necessary to increase production of Jute goods in order to achieve the Third Plan target;

(2) The need for further modernization and expansion of the Jute industry;

(3) The steps required to maintain stability in the prices of Jute goods;

(4) Trend in the Indian Jute goods exports and the steps required to keep their prices competitive;

(5) Diversification of production for the manufactures of special fabrics/goods required by foreign countries;

(6) Availability of adequate supplies of raw materials (including jute cuttings) at economic prices;

(7) Measures required to improve the quality of Jute goods and;

(8) Machinery to deal with complaints against quality/specifications from foreign importers.

#### CONTENTS

Introduction; Consumption and Export Trends of Jute Manufacturers; Production Targets for Jute Goods; Raw Material Supply; Price Stabilisation;



Marketing of Jute Goods and Export Promotion ; Competition in Export Markets ; Summary of Conclusions and Recommendations ; Annexures From I to X.

## RECOMMENDATIONS

### India's Production And Export Of Jute Goods

The Indian Jute industry has passed through a series of upheavals in the years since Independence. Due to the war time diversion of jute manufactures to military purposes jute had lost a significant part of the packaging market in the U.S.A. and Europe to substitutes. With the partition of India in 1947, the Indian jute industry's source of raw material became insecure. Self-sufficiency in this material was attained only in 1959. The industry has modernised itself and has rationalised its production and increased the output of specialities. These are not able achievements. However, India's output of jute goods has not increased in proportion to the rise in the world consumption of goods in last decade. India's exports in the period 1950 to 1960 fluctuated between 8.5 lakh tons per annum. Whatever may have been the circumstances which in the past prevented a larger share of the increased world market from coming to the Indian jute industry it appears necessary to take energetic measures now to increase exports and take the fullest possible advantage of the increased world demand.

### Growth Of World Consumption Of Jute Goods

The Committee considers that on the basis of the current trend in the world consumption of jute goods, there is likely to be additional consumption of jute goods to the extent of 10,41,000 tons by 1970.

### India's Share Of Export Markets

Indian exports of major types of jute goods are given in Annexure III. It is considered that there will be increased opportunities of exports of Indian jute goods to both Eastern and Western Europe and to those parts of Africa, Asia and Latin American which do not have facilities for developing jute industries of their own.

### Internal Consumption Of Jute Goods

Internal consumption of jute goods has been steadily increasing. The average annual rate of increased in consumption during the First and Second Plan periods were 15,200 tons and 17,600 tons respectively. It is expected that the internal consumption will increase by about 30,000 tons a year in the remainder of the Third Plan reaching the level of 4 lakh tons per annum in 1965-66. Further it is considered that in the period 1966-71 an average annual increase in internal consumption should be planned at 40,000 tons raising the consumption level to 6 lakh tons in 1970-71.

### Targets In The Third And Fourth Plans

The production and export targets included in the Third Plan and proposed tentatively for the Fourth Plan are as follows :—

	Unit	Third Plan by 1965-66	Fourth Plan by 1970-71
Export of jute goods	Lakh tons	9.00	11.00
Internal consumption of jute goods	„	4.00	6.00
Total Production of jute goods	„	13.00	17.00
Requirement of fibre	Lakh bales	75.00	98.00

The industry needs expansion and the necessary planning should be taken in hand without delay.

### The Working Time Agreement Of The I.J.M.A.

The installation of the additional capacity and the level of production in jute industry are at present strictly controlled by I.J.M.A. under its working Time Agreement, which controls 96% of the jute looms installed in India and has been virtually unchanged since 1938.

As it appears that there are certain grave disadvantages inherent in the Working Time Agreement, the Committee has come to the conclusion that in view of the achievement of self-sufficiency in raw material and the rising demand for jute goods both internally and externally, there is no need for the continuance of the Agreement.

### Priorities For Expansion

While recognising the need for expansion, the committee suggests the priorities thus: (a) first priority should be for existing uneconomic units (b) the next priority may be for those units which, though economic, can achieve additional economies by expansion and (c) the establishment of new units may be taken up on the basis of regional needs provided raw materials and other facilities are available.

### The Problem Of Power Supply

The Power available to the jute mills—about 88 MW is barely sufficient to run the equivalent of single shift capacity of all the registered looms of the member mills of the I.J.M.A. The power requirements of 1,000 additional broad looms to be installed by the end of 1963 are estimated at 10 MW. Further, for increasing production by operating the full installed capacity for yarn continuously throughout the week, the power requirements have been estimated at 10 MW. It is necessary to ensure by some means that in the short term, the

working of this vital export industry is not hampered by the dearth of power. If by the end of the Fourth Plan period, the production of jute goods is to rise by 4,00,000 tons over the Third Plan target, additional power requirement will be about 40 MW. This should be kept in view while planning for power requirement of the Calcutta area in the Fourth Plan.

#### **Trends Of Raw Jute Production**

The area under jute in Indian the last 15 years and the area under mesta in the last 10 years are shown in Annexure VI.

The Committee considers that the area under jute and mesta in the Third and subsequent plans should be stabilised at around 20 lakh acres and 8 lakh acres respectively. The targets of fibre output should be achieved by rapidly raising the yield per acre of both jute and mesta and not by encroachment in the area under food grains.

#### **Shortfall In Second Plan Targets**

There were serious shortfalls in the targets set in respect of use of improved seeds, fertilisers and improved methods of cultivation.

#### **Measures To Increase Yield Per Acre**

The yield per acre in certain areas has not shown any appreciable improvement in the last few years. It should be possible by the end of Third Plan period to increase the average yield to 3.3 bales per acre could be achieved. The Committee considers that a fresh programme of saturation of all the jute growing areas with the best available seed within a period of say 3 years should receive priority and should be executed by the end of the Third Plan. It is estimated that about 1.8 lakh maunds of improved seed would be required to cover 20 lakh acres under jute. The requirement of improved seed would thus be about 60,000 maunds per year against the output at present of only 6,000 maunds a year. The Committee has also recommended grant of increased subsidy, seed multiplication by registered grower outside main jute growing areas, payment of fair price to them etc.

The allotment of fertilisers for jute cultivation should receive priority and the allocation for mesta should be on the same basis as for jute. The distribution machinery should be reviewed by the respective States and the Ministry to ascertain whether additional distribution points; better storage and more fertiliser loans could accelerate the consumption of fertiliser for jute and mesta cultivation. The need for concession on the fertiliser price for remote and inaccessible concession on the fertilizer jute growing areas in Assam, North Bengal & North Bihar should be examined in view of the high transport cost.

Retting facilities should be improved at a more rapid pace. The model scheme drawn up by the I.C.J.C. should be implemented.

Schemes should be undertaken for the development of mesta also by the production of improved better yielding strains, seed multiplication, fertiliser distribution assistance for improved practices, plant protection measures etc.

#### **Jute Development Board**

With a view to facilitating the effective implementation of the development programmes, and to achieve a break through in this vitally important matter of increasing jute yield, the Committee suggests that the Union Government should set up a high powered jute Development Board under the control of the Ministry of Food & Agriculture. The major jute growing State may be represented on the Board through their Secretaries of Agriculture. The functions of the Board should also cover jute marketing, stabilization of jute prices and jute transport. The Board should be associated with the Buffer Stock Agency. It should also come in the picture of promoting measures for stabilising prices of jute manufactured goods.

The staff under State Governments dealing with jute development should be strengthened.

#### **Import Of Long Jute And Cuttings**

With the expansion in the manufacture of specialities, the requirements of high grade long jute will grow, and if the output of the best qualities, of Indian jute is not adequate more long jute may have to be improved. The import of limited quantities of cuttings is also recommended by the Committee provided by adequate price support machinery, foreign exchange is available and the price of imported cuttings are reasonable.

#### **Measures To Ensure Stability In Price Of Jute Goods**

Instability of prices has been single most important adverse factor affecting competitive position of jute manufactures in world markets. A policy of supporting the price of jute above pre-determined "floor" by means of buffer stock operations was adopted for the first time in the 1961-62 season.

The committee considers that the Government should have full operational control over any Agency which may be entrusted with buffer stock operations and price support arrangements.

The availability of adequate storage capacity in Calcutta for buffer stock should be checked and warehousing facilities in the main terminal markets expanded. Additional storage facilities in the mofussil areas should also be developed.

It is necessary to ensure that in the peak marketing

period each season the purchase of jute by the mills matches the quantity of jute on offer. The Committee also recommends that derivative prices corresponding to the "floor" price at Calcutta should be fixed at all secondary markets and supported by buffer stock operations.

High priority should be given by the State Governments to the establishment of a series of "regulated markets" in the jute growing areas so that no jute grower has to take his jute more than five miles to reach such a market. States which do not have law in regard to the establishment of regulated markets should enact necessary legislation and take other steps to set up these markets. Sales in these markets would be by open bids, weights would be checked and unfair practices would be largely eliminated.

Further, Cooperative Jute Marketing and warehousing organizations should be developed on a much larger scale than has hitherto been possible. As much as possible of the buffer stock purchases should be made through the cooperatives.

To minimise fluctuations in the prices of jute goods due to seasonal or short-term changes, the Committee recommends the establishment of Jute Goods Buffer Stock. The same Buffer Stock agency could handle both the raw jute and jute goods buffer stock. The buffer stock of goods should aim at restricting the fluctuations in jute and jute goods prices to (say) 5% either way. The Jute Development Board recommended in paragraph 16 should come in the picture in regard to the Jute Goods Buffer Stock also.

The Committee also recommends a further strengthening of the checks which the Forward Markets Commission has in recent years imposed on speculative dealings in the jute and jute goods markets several steps have been specifically recommended.

D.G.S. & D. should make purchases in a way which would assist in stabilising prices of jute goods.

#### **Market Intelligence And Demand Forecasting**

Further efforts to study and develop markets abroad in a systematic manner on long-term basis should be made. The export potential to the U.S.S.R. and Eastern Europe has not been sufficiently assessed. The consumption trends in East and West Africa, the Middle East and South East Asia should also be studied.

The Committee suggests that the office of the Jute Commissioner should create an effective system of market intelligence for all the consuming countries. To enable the Jute Commissioner's office to undertake market research and short and long term demand forecasting, the organisation should be suitably strengthened.

#### **Trade With Eastern Europe**

Large increase in the planned economies of Eastern

Europe. The Committee suggests that these should be consultations between the Government of India and these countries to determine the extent to which India's production of jute goods can be coordinated with the five or Seven Year Plans of each of these countries. It should be possible to develop longer-term agreements for the export of jute goods to these countries in lieu of the current annual trade agreements.

#### **Trade With Western Europe**

The total trade of India with Western European countries constituted 8.9% of India's total exports of jute goods. Trade with these countries could not develop. Substantially mainly due to quota restrictions except in U.K. for conventional goods.

The Committee suggests that the effect of Indian jute goods exports due to quota restrictions in these countries should be studied in detail so that effective steps could be taken to negotiate with these countries to increase India's share of the market for jute goods.

#### **Diversification And Product Development**

Jute can hold its ground against substitutes like synthetic fibres only if it shows the same degree of adaptability to technological change and awareness of consumers' requirements and taste. Indian Jute industry has so far played little or no part in this process of adaptation and new product development, and is unwilling to take up orders for small lots of "non-standard" items with consequent loss of orders.

The Committee recommends the creation of a Product Development Cell in the Jute Commissioner's Organisation under the supervision of a experienced jute technologist. The cell which should maintain close liaison with I.J.M.A. Research Institute & Technological Research Laboratories of I.C.J.C. should keep abreast of the latest technological developments abroad, suggest new lines of applied research to the laboratories, examine the need for pilot plant trials etc.

#### **Broadlooms**

One of the most important developments in the jute industry in recent years has been the growth in the production of wide hessian of high quality used in the manufacture of tufted carpets.

The Committee understands that there is considerable scope for expanding the export of carpet-backing to Australia and West Europe. For the Planned development of carpet-backing production, the Jute Commissioner's Office should make a detailed study on a priority basis of the trends in the production and consumption of tufted carpets so as to be able to make a reasonable forecast of the future demand for wide hessian.

The Committee further suggests that the possibility

of manufacture of tufted carpets in India for export should also be considered.

### Quality Control

The Committee endorses the recommendations made by the ad hoc Committee on quality Control and Preshipment Survey that (i) the ISI standards for jute manufactures for inspection within the mills at the stage of production should be finalised without delay ; (i) there should be a procedure for inspection within the mills at the stage of production in accordance with I.S.I. Certification Marks Scheme.

### Complaints

The arbitration provisions in the standard export contract from need not be altered ; but representatives of foreign buyers' associations may be included in the arbitration panel at Calcutta if they so desire. Indian exporters should be registered by the Jute Commissioner's office and the registering authority should intervene to settle disputes here necessary. There should be provision for deregistration in the event of unfair trade practices.

### Competition

The Committee is of opinion at the extent of competition other than from Pakistan is not immediately significant but the growth of production in all the competing countries should be closely watched by the proposed market intelligence organisation so that effective steps may be taken at the right time to prevent loss of export markets to India.

### Tariff And Quota Restrictions

The Committee views with concern India's inability to obtain reductions in protective duties especially in U.S.A. Japan, Argentina and Canada.

With the proposed entry of U.K. into European Common market, not only will the U.K. Jute control disappear but the tariff and quota restrictions policy of the E.C.M. will assume greater importance to the future of Indian jute goods export. It appears that the E.C.M. will insist on a 18 to 20% common external tariff on all types of jute goods.

The Committee considers that in the negotiations leading to a trade treaty between India and the enlarged E.C.M. the following objectives must be sought to be achieved :

(a) There should be a nil tariff or a very low tariff on export of sacking to Western Europe ;

(b) The common external tariff on hessian should be gradually reduced ;

(c) The continuance of the existing quota restrictions and any attempt to introduce new quotas whether country wise or for the common market as a whole

must be resisted ; and

(d) The planners of the European Common Market have to be urged in these negotiations to keep in mind that the Common market should lead to a larger volume of trading with countries outside the market. Protection to the relatively high cost European industry against exports of manufactured goods by the developing countries would be inconsistent with this objective.

### Measures To Reduce Costs

Considerable economies have been achieved in recent years by modernisation, improved processing and formation of larger units by amalgamation of mills. The Committee feels that when additional jute goods production becomes necessary, it should be achieved by working more looms on double shift.

The remaining old preparatory and spinning machinery should be replaced at the earliest. It is necessary that every assistance including foreign exchange for imports where necessary, should be given by Government to enable the industry to replace worn out and obsolete carding equipment and to instal high-speed winding equipment and pre-beamers, which improve both quality and output. Arrangements for giving loans for modernisation should be made.

A phased programme for loom modernisation should be drawn up by the jute Commissioner. Early decision should be taken as to the alternative types of automatic looms offered by U.K. manufacturers.

### Supply Of Jute Mill Machinery & Foreign Exchange Requirements

The committee recommends that out of the foreign exchange allocation for Jute industry, the highest priority should be given to the machinery manufacturers' needs of imported capital goods and components. At the same time the manufacturers of Jute mill machinery should progressively increase the indigenous components up to 80% in 3 years. As the Jute industry is an important foreign exchange earner, its needs of foreign exchange should be given priority. The Committee has also recommended priorities within the Jute industry itself.

### Export Incentive In The Form Of Machinery

The Committee has recommended that as an incentive to export, a scheme may be worked out for import entitlements in respect of essential Jute machinery. Further, as a special case, in view of the high export potential of this industry, the import of machinery may be extend even to machinery for priority industries other than Jute.

### Increased Productivity

It appears to the Committee that there is considerable scope for cost reduction by way of checking stores

consumption and developing suitable methods of inventory control, undertaking work-study, introduction of statistical quality control system, etc. The committee welcomes the study by the National Productivity Council.

The committee recommends the adoption of "uniform costing" by the Jute industry leading to a system of regular inter-firm comparisons of operating data, costs of production and marketing and utilisation of resources.

## **COMMITTEE TO EXAMINE THE EXISTING SYSTEM OF GRANT OF SUBSIDY AND SUBVENTION TO THE FLYING AND GLIDING CLUBS, 1962—REPORT**

New Delhi, Ministry of Transport and Communications, 1963. 153p.

Chairman : Shri G. Narayanaswami.

Member : Lt. Col. G. V. Raja.

Member-

Secretary : Shri Babar Mirza.

### **APPOINTMENT**

On the recommendations made by the Master Committee in 1953, the Government of India had evolved a scheme for payment of subsidy and subvention to the Flying Clubs in India. The scheme was brought in force with effect from the 1st April, 1954 vide the late Ministry of Communications letter No. 14-A/6-(53)/2 dated July 31, 1954/August 2, 1954. A scheme for the payment of subsidy and subvention to the Gliding Clubs/Gliding Wings of the Flying clubs has also been sanctioned vide Ministry of Transport and Communication (Departments of Communications & Civil Aviation) letter No. 15-VE (27)/59, dated September 22, 1959. Certain difficulties have been brought to the notice of the Government of India in connection with the working of these schemes. The Government of India, Ministry of Transport and Communications (Departments of Communications and Civil Aviation) Constituted a Committee to examine the existing system of the grant of subsidy and subvention to the Flying and Gliding Clubs and to recommend the procedure to be followed in maintenance of the accounts by the Clubs, by their Order No. 15-VE (35)/61 dated March, 20, 1962.

### **TERMS OF REFERENCE**

(i) To work out the standard cost of operation of the Gliding Clubs, and of Class I, II, III and IV Flying Clubs and their branches based on different types of aircraft operated by the Flying Clubs, having regard to the changes that have taken place in the Flying pattern

of the clubs and the increased cost of spare parts, fuel and other materials and the pay structure of their employees;

(ii) To review the working of the existing subsidy scheme and to determine whether the results achieved by the grants-in-aid sanctioned to the Flying Clubs and Gliding Clubs under the existing orders are commensurate with the expenditure incurred, and to make recommendations for the modification of the existing schemes, having particular regard to :

- (a) the cost of operation of the clubs as determined by the Committee;
- (b) the various sources of revenues of the Clubs, including the grants-in-aid sanctioned by the Central Government and the State Governments;
- (c) the amounts of insurance for which the Pilot-Instructors of the Clubs should be compulsorily insured.

(iii) To study the existing instruction for accounting of the grants-in-aid sanctioned by the Central Government and the assistance received from other sources including State Governments and to recommend :

- (a) rate of contribution to the Accident Reserve Fund;
- (b) rate of contribution to the Replacement Fund;
- (c) instructions to be followed in preparing the annual balance sheet and the income and expenditure account with a view to ensuring that the grants are spent for the purpose for which they are intended and the monies are accounted for properly.

### **CONTENTS**

Introductory; Development of Flying Clubs; Terms of Reference of the Committee and scope of Enquiry; Review of Revenue and Expenditure of Flying Clubs;

Standard Cost of operation of Flying Clubs; Factors Affecting the cost of operation of the Flying Clubs under Standard Condition; Scheme of Subsidy and Subvention to Flying Clubs; Reserve Funds; Accounting Instructions; Miscellaneous Matters Relating to Flying Clubs; Gliding Clubs; Summary of Recommendations; Acknowledgements; Appendix I to XV.

## RECOMMENDATIONS

### Control Over Expenditure

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Action should be taken for preparation of detailed estimates of all expenditure including expenditure on spares and stores required for the following year. Purchase should be made according to need.

### Trainer Aircraft For Ab-Initio Training

Government should keep a reserve of suitable aircraft for supply to Clubs. If training Aircraft and equipment in the Clubs is standardised and made uniform there would be considerable saving in the annual recurring expenditure.

### Aircraft For Advanced Flying

Government should take appropriate steps in order that the Clubs could be equipped with one or two aircraft with R/T equipment suitable for ad night flying and long distance cross-country.

### Disposal Of Aircraft In Excess Of Requirement

The Clubs which are unable to make justifiable use of the full fleet should store their surplus aircraft without incurring any expenditure on their maintenance and annual overhaul. They should be brought into use only if any when flying potential is increased. Such Clubs may also consider selling surplus aircraft to other Clubs in need.

### Utilisation Of Aircraft

Minimum utilisation should be fixed at 500 hours per year per airworthy aircraft. It should be possible for a Club to have 75 per cent of its working fleet in a serviceable condition and to achieve 500 hours per annum on each of such aircraft.

### Strength Of Staff

The Committee has fixed the standard strength of various categories of staff in the different classes of Clubs. Clubs should try to confirm gradually to the standard strength and economise their expenditure.

### Pay Scales Of Technical And Other Staff

Standard rates of pay and allowances should be fixed for all staff. No further additions to pay such as conveyance allowance or bonus are necessary once proper scales of pay and allowances have been fixed.

Scales of pay and allowance of subordinate Engineering staff and staff connected with the administration of the Clubs should as far as possible not exceed the scales of pay and allowances laid down by the State Government under similar conditions. The standard scales of pay as recommended by the Committee take into account the past recommendations made by the Aero Club of India. The Clubs should in the coming years be in a position to fix the pay of their staff on the standard scales recommended by the Committee.

### Cadre Of Chief Pilot Instructors And Chief Engineers

For the enforcement of standard scales of pay and for effecting a better administrative control and the systematic training of pilots, the Committee recommends that the Chief Pilot Instructors and Chief Engineers working with the clubs should be borne on two separate cadres under the administrative control of the Director General of Civil Aviation. They will be treated as Government servants on loan to Clubs. The cadres may contain their own leave reserve and promotions to them regulated by the Director General of Civil Aviation from the Junior Instructors and Engineers working in the Clubs. A scheme of Contributory Provident Fund and grant of retirement gratuities may also be instituted.

### Service Conditions Of The Staff

Rules and regulations regarding conditions of appointment, promotion, leave scales of pay, grant of increment conduct, discipline, right of appeal against punishment, etc., should be laid down by the management of the Clubs preferably on a uniform basis.

Contributory Provident Fund should be instituted in all the Clubs. Rate of interest which the amounts in the Provident Fund should carry should be laid down and annual accounts given to each member of the staff. The Fund should be administered either by the Provident Fund Commissioner or by an independent Trust consisting of representatives of employees and the employer. The Amount should be invested in Securities on the advice of the Provident Fund Commissioner.

Uniform rules should be made by the Clubs for grant of advances to the employees.

Pay and allowances of the staff should be disbursed promptly. Managing Committee of each Club should review its financial position frequently to avoid delays in payment.

### Insurance Of Pilot Instructors

The Pilot Instructors should be covered by Personal Accident (Aviation Risks) insurance only. The amount of insurance for the various categories of Instructors as recommended by the Committee are :

	Rs.
Confirmed Chief Pilot Instructor	35,000
Officiating Chief Pilot Instructor	30,000
Pilot Instructor holding independent charge	25,000
Pilot Instructor working under Chief Pilot Instructor	20,000
Assistant Pilot Instructor	15,000

Concessional rates of premia may be obtained from Aviation Insurance in case the insurance policies of all the Club Instructors are taken with them. There is no objection to a Flying Club paying an amount towards extra premium on the Life Policy of an Instructor in lieu of Accident Insurance provided the Instructor indemnifies the Club against all accident risks and the amount paid by the Club does not exceed the premium payable in respect of the Accident Insurance for the Instructor.

It is not necessary for a Club to pay for insurance against loss of licence in addition to Accident Insurance.

Honorary Instructors at the Clubs may be insured for accident risks if they enter into agreement to serve the Club for the period for which the insurance is effected.

#### Performance Of Pilot Instructors

A Chief Pilot Instructor should be able to do a minimum of 400 hours of annual instructional flying and other Pilot Instructors and Assistant Pilot Instructors should do a minimum of 500 hours in a year in addition to imparting ground instructions to the trainees.

#### Scheme Of Subsidy And Subvention To Flying Clubs

The most rational way of determining the method which should govern the grant of subsidies and subvention should be based on the estimated expenditure of the Clubs under the standard conditions. On this basis the scheme of subsidy recommended by the Committee for 4 classes of Clubs is :

	Rs.
Class IV Below 1600 hours of instructional flying	50,000
Class III Below 2400 hours of instructional flying	75,000
Class II Below 3200 hours of instructional flying	1,00,000
Class I Below 4000 hours of instructional flying	1,20,000

Clubs doing more than 4000 hours will get a subsidy of Rs. 1,30,000. All the clubs will get subvention at a uniform rate of Rs. 50 per hour of the instructional flying. For flying hours done by the HT-2 aircraft an extra subvention of Rs. 20 per hour may be given. The subsidy includes a bonus of Rs. 400 for each Private

Pilot's Licence trained at a Club. The Club would also get in addition Rs. 150 for each trainee who obtains a Private Pilot's Licence in the year. This amount is to be disbursed to the trainee.

The bonus of Rs 400 may be distributed to the Instructional and Engineering staff. The Committee discourages any further payments by the Clubs to their Instructors and other staff, in the shape of bonus over and above the grant of Rs. 400 for each Private Pilot's Licence trained.

#### Subsidy Scheme For Satellite Centres

A Statellite Centre should be expected to do a minimum of 500 hours of instructional flying per year and paid a fixed subsidy of Rs. 25,000 per annum and a subvention @ Rs. 50 per hour flown. A Satellite Centre achieving a minimum of 1200 hours may be treated as a full fledged Club and subsidised under the main scheme.

#### Accident Reserve Fund

The present minimum in the Accident Reserve Fund of Rs. 6,000 per aircraft of Rs. 30,000 whichever is greater for dispensing with insurance of aircraft should be raised to Rs. 10,000 per aircraft or Rs. 50,000 whichever is greater. The contribution to the Accident Reserve Fund should be at the same rates as at present, Clubs should cover their fleet with the Accident Reserve Fund when the amount in the Fund reaches the above limits. The maximum amount in the Accident Reserve Fund should be the total value of the aircraft in the Club, Excess amount over this maximum may be permitted by the Director General of Civil Aviation to be transferred to Replacement Reserve Fund, if required. Withdrawals from the Accident Reserve Fund may also be permitted to be made for replacing major components when the expenditure is large. Insurance against ground risk is not necessary when the fleet is covered by the Accident Reserve Fund but a Club can, at its discretion, take such a cover provided it is Dispensed with when the amount in the Accident Reserve Fund has reached the maximum limit.

#### Replacement Reserve Fund

Contributions to this Fund should be made regularly at the prescribed rates both for Club owned aircraft and Government loaned aircraft.

#### Accounting Instruction

Separate Income & Expenditure accounts should be prepared in respect of the Flying and Social activities of the Clubs. A separate account, in addition to the annual published accounts, should also be prepared to show the direct and indirect expenditure incurred on

the maintenance of State Government aircraft and for services rendered.

Clubs should prepare annual estimates of their Income & Expenditure in the form prescribed. They should also prepare monthly statement of expenditure for the last 5 months of the year and send them to the Director General of Civil Aviation. No Capital expenditure beyond a reasonable limit say Rs. 2,000 should be incurred without the approval of the Director General of Civil Aviation.

#### Social Activities

Social activities are recognised as necessary at each Club. Common items of receipts and expenditure of the Club should be allocated between the Flying side and the Social side on an equitable basis as recommended by the Committee in order that the Flying side accounts may present a true picture.

Clubs which do not have any Social activities at present may be permitted to fund the portion of the receipts into a Fund (Social Amenity Fund) to be utilised later.

#### Procedure For The Accounting Of Stores

The Procedure recommended in Appendix X may be followed in all the Clubs as a defective procedure was noticed in certain Clubs.

The management of the Clubs should be tightened up so far as flying activities are concerned. Managing Committee should ensure that the programme of training for the pupils is adhered to.

No trainee should be allowed to continue as a member without voting right for more than 3 months if he has obtained a Private Pilot's Licence.

The provision that the Managing Committee or the Board of Directors shall consist of 1/3rd active flying members should be made mandatory. Government may grant exemption in specific cases.

The Honorary Secretary of a Club should be assisted by a full time assistant to supervise the day to day working of the Club and to bring to the notice of the Managing Committee all matters connected with management, discipline, training, etc. The Chief Pilot Instructor or any other member of the staff should not be on the Managing Committee.

A senior officer of the Civil Aviation Department assisted by an accounts staff should be periodically deputed to inspect the records of the Clubs to ensure that the training is properly imparted and the initial accounts are properly kept.

This unit will also look into the difficulties which the Clubs may have in their day to day working.

#### Concession To Office Bearers

The expenditure on the grant of concession to the

office bearer and staff should be economised and regulated on a uniform basis.

**Extravagant Expenditure :** The clubs should economised expenditure on all items particularly on motor transport telephones and non-revenue flying.

**Purchase Of Spare Parts :** The Clubs should take steps to regulate their expenditure on stores to prevent large accumulations.

**Workshop Facilities :** Facilities for overhaul of engines should be concentrated at selected Clubs in such a manner that other Clubs can avail of the facilities at reasonable cost.

The economised expenditure on Certificate of Airworthiness of aircraft, it is suggested that it may be carried out on completion of prescribed number of hours of flying instead of annually. The Committee presumes that the Director General of Civil Aviation will issue instructions in the matter.

**Scheme Of Scholarship :** Aptitude of trainees selected for the grant of scholarships should be tested and those who are well grounded in science or other subjects should be preferred. Scholarships are to be awarded only to deserving pupils irrespective of the consideration of their parental income subject to usual reservation for Scheduled Castes and Scheduled Tribes candidates.

Policy of the grant of scholarships by certain State Governments for advanced training should be reviewed.

Scholars whose parent's or guardian's income is less than Rs. 300 per month may be given a sum of Rs. 200 in suitable instalments to meet their out of pocket expenses.

Scholars and/or their guardian should sign an undertaking to refund the cost scholarship in case the trainee discontinues his training before its completion.

Written examination for the issue of a Private Pilot's Licence may be on the American Quiz system to test the knowledge of the trainees and they may be held as frequently as possible, if not once in a month.

The number of subsidised hours of scholarships should be raised from 40 to at least 75 hours with reference to the new Licensing Rules. State Governments should also be informed.

**Training Of Instructors :** Immediate steps should be taken to train sufficient number of Instructors and to evolve a machinery to subject the existing Instructors to appropriate check. Training should be on voluntary basis and trained personnel expected to find jobs on their own.

**Charges For Flying Training :** All persons upto 37 years of age may be allowed subsidised flying @ Rs. 10 per hour upto the number of hours fixed per annum. Those above the age of 37, should be required to pay Rs. 25 per hour. Lt. Col. G.V. Raja, a member of the Committee, however, considers that the rate



should uniformly be Rs. 10 per hour irrespective of age.

The non-subsidised rate may be fixed at Rs. 60 per hour and the full rate at the standard cost of operation of the Club according to its classification. Actual extra expenditure incurred on night and cross-country flying by a member of the Club (other than an ab-initio trainee) may be recovered from him by the club.

Flying charges for foreign nationals should be the same as for Indian nationals.

**Joy Rides And Charter Flights :** Joy rides help in spreading airmindedness. Rates recommended are Rs. 5 and Rs. 10 per flights of 5 and 10 minutes duration respectively. Rates for charter flights may be fixed by the Director General of Civil Aviation with reference to the standard cost of operation of each Club.

**Insurance Of Engineering And Other Technical Staff :** The Chief Engineer or the Aircraft Maintenance Engineer who may be required to fly on test flights may be insured at Club expense for Rs. 15,000 or Rs. 10,000 respectively for a maximum of say 25 hours. Insurance of any other staff is not necessary.

Expenditure on insurance of trainee pilots should not be a burden on the Clubs. The trainees could, however, do so at their own expense.

**Clubs At Uncontrolled Landing Grounds :** Suitable Civil Aviation Department representative should be posted at such places primarily to check the flying records on the basis of which financial assistance to a Club is determined.

**Commercial Pilot's Training :** Some Flying Clubs may be selected and permitted to impart training for obtaining a Commercial Pilot's Licence and the selected trainees may be given training at a reasonably subsidised rate without guaranteeing any employment.

**Remunerative Activities At Clubs And Incentive For Pilots :** The Clubs may be encouraged initially to engage in such remunerative activities which may not need acquisition of any additional equipment of any specialised training of pilots. To give an incentive to pilots, acquisition of a Private Pilot's Licence may be recognised as a preferment for employment.

**Aero Club Of India :** Its functions should enlarge and it should play a better role for the benefit of the Flying and Gliding Clubs to justify grants from the Government of India.

**Air Rallies :** Rallies may be held at periodical intervals. The Committee presumes that Government would continue the same concessions and also render financial assistance as have been given in the past.

**Aeromodelling :** It may be encouraged and intro-

duced as an item of sport in Schools and Colleges.

**Training Of Instructors And Winch Operators :** Adequate facilities should be provided for training such personnel.

**Gliding And Other Equipment :** If gliders and winches are to be loaned to the Clubs by Government, adequate steps should be taken to give the minimum number of gliders and winches in order that the activities may not be hampered. Government may sanction an outright grant for the purchase of a jeep to Clubs which are not in a position to acquire it from their own funds.

Cables should be procured by Government on an estimate of annual requirement and their conditions of service should be standardised as in the case of Flying Clubs so that no Gliding Club could exceed the standard cost as worked out.

**Fees For Training And For Joy Rides :** The existing rate of Re. 1 per launch may continue.

**Revised Rates Of Subsidy And Subvention For Gliding Clubs**

Fixed subsidy:

	Rs.
For Clubs performing 15000 to 30000 launches	20,000
For Clubs performing 3000 to 4500 launches	25,000
For Clubs performing 4500 to 6000 launches	30,000

Subvention

Flat rate of Rs. 6 per launch (including joy rides) Gliding Clubs may be given an additional subvention @ Rs. 3 per launch to build up a reserve for eventual owning of gliders if it is proposed that ultimately the clubs would be expected to own gliders.

**New Gliding Clubs**

The minimum number of members for starting a new Club may be fixed at 50. The minimum number of launches required under the Subsidy Scheme viz. 1500 may be relaxed in special circumstances.

**Accounting Instructions And Other Recommendations For the Economic Running Of The Gliding Clubs :** The recommendations made in the case of Flying Clubs should be deemed to be equally applicable in the case of Gliding Clubs as far as may be relevant.

**Gliding By NCC Cadets :** National Cadet Corps gliding scheme may be coordinated with the activities of the Civil Gliding Clubs.

**General**

The Gliding Clubs should, as far as possible, be organised at places separate from the Flying Clubs and preferably near centres of education. Possibility of Starting new Clubs at airstrips and landing grounds where there is not much of air traffic may be explored.

# WORKING GROUP SET UP BY COMMITTEE ON ADMINISTRATION FOR SIMPLIFICATION OF THE PUBLIC WORKS ACCOUNT CODE, 1962—REPORT

New Delhi, Cabinet Secretariat, 1963. 60p IIP.

**Chairman :** Shri A. K. Mukherji  
**Members :** Shri R.N. Vasudeva ; Shri U.J. Bhat (not  
joined with the Committee) ; Shri B. K.  
Guha ; Shri D. P. Karnik.

**Representative of**

the M.E.S. : Col. G Benjamin.

**Secretaries :** Shri T. S. Vedagiri ; Shri P.K. Biswas.

## APPOINTMENT

The Working Group for simplification of the Public Works Account Code was constituted under the Cabinet Secretariat, Department of Cabinet Affairs, Organisation & Methods Division vide their Memorandum 40/2/62-O&M dated May 2, 1962.

## TERMS OF REFERENCE

For the simplification of the Public Works Account Code.

## CONTENTS

Introductory; Works Accounts; Stores; Accounts; Suspense Accounts; Transactions with other Divisions; Departments and Governments; Submission of Accounts to Audit; Miscellaneous; Summary of Recommendations; Annexures.

## RECOMMENDATIONS

It is not necessary for Audit to be supplied with Administrative Approvals.

Technical sanctions need be communicated to the A.G. only in respect of works relating to projects costing more than Rs. 2.5 lakhs and non-project works costing more than Rs. 10 lakhs.

Copies of the abstract of Estimates need not be supplied to Audit unless specifically asked for.

The existing restriction in the second proviso of para 77 of the C. P. W. A. Code regarding the pressing of excess expenditure over an estimate viz., that the amount upto which an officer is empowered to sanction an original estimate should not be exceeded, should be removed.

A revised expenditure sanction should be necessary only if the actual expenditure exceeds the amount of original sanctions by more than 10%, instead of 5%, as at present.

The minimum monetary limit for classifying a work

as "Major" work should be raised from Rs. 20,000 to Rs. 1 lakh.

In case of works executed through contractors the maintenance of accounts by sub heads may be dispensed with.

In the case of works done departmentally, or through contractors where the contract is for labour rates only, sub-head accounting may be confined to works costing more than Rs. 1 lakh

The existing limit of sub-heads prescribed in para 258 of the C.P.W.A. Code may be raised from Rs. 2,000 to Rs. 20,000/.

Material-at-Site Accounts need not be maintained in respect of works executed through contractors.

In the case of works done departmentally, or through contractors, where the contract is for labour rates only, a M.A.S. Account may be maintained only if the estimated cost of the work is more than Rs. 1 lakh. This amount may be only a numerical account.

It is not necessary to maintain M.A.S. Account for "Minor" and repair Works.

Forms 25 and 27 in C.P.W.A. series may be abolished and Forms C.P.W.A. 26 (as revised, vide Annexure 3) may be used for all running and final payments.

Advance payments for works done but not measured, may be made at pre-determined levels, which may be indicated in the sanctioned Estimates.

Form C.P.W.A. 32, as revised (vide annexure 4) may be used in all cases in which its use is authorised.

The preparation and submission of Labour Reports may be dispensed with, except in the case of Muster Rolls containing names of more than 15 persons.

Part II of the Muster Rolls may be abolished.

A register of Unpaid Wages may be maintained in the Form given in annexure 5.

It is not necessary for the Divisional Accountant to recheck the entries made in the Measurement Books during the course of their "Annual Review".

The existing percentages for the scrutiny of Contractors' Bills and Muster Rolls with reference to Measurement Books in the Divisional and Sub-Divisional Offices should be reduced.

An up-to-date Priced Vocabulary of Stores, showing the correct description and identifying code numbers of the various items (completed in respect of Issue Rates by the Divisions concerned) should be prepared and

adopted throughout the Central P.W.D.

The Register of Stock Receipts/Issues (form C.P.W.A.8) may be replaced by B in Cards.

The Abstract of Stock Receipts (Form C.P.W.A. 9) may be replaced by Goods Received Sheets.

The existing Form of Indent for Stores may be revised so as to provide separate columns for Stores indented and stores actually issued.

The Abstract of Stock Issues (Form C.P.W.A. 10) may be abolished and a monthly summary of Indents introduced instead.

The Half-yearly Balance Return of Stock (form C.P.W.A. 11) and the Half-yearly Register of Stock (Form C.P.W.A. 12) may be replaced by a Priced Stores Ledger).

A Division-wise Ledger of issues of Stores may be introduced.

The issue rate of an article of Stock may be fixed at the beginning of the year and it is not necessary to review/revise the same every half-year, and the issue rate need be revised only when material variations in the purchase rates are noticed.

Adjustment of profit or loss on stock and the allocation of the balance under the sub-head of stock among the works at the end of the year is not necessary and that the "profit" or "loss" should be taken into account while reviewing and fixing the issue rates for the next year.

A suitable percentage based on carriage and other incidental charges of the previous year should be worked out for haulage and added to the issue rate.

The storage charges may be fixed at the beginning of a year and added on a percentage basis so as to form part of the issue rate.

The receipt and issue of Tools and Plant may be entitled in the "Tools and Plant Received Sheets" and "Tools and Plant Indents" and a quantity ledger of Tools and Plant may be maintained in each sub-division.

The head "London Stores" may be abolished and the value of stores purchased through the India Stores Deptt., London, passed through "Purchases".

The cheque forms to be used for settlement of inter-divisional transactions should bear a distinct marking viz., "Payment by Book Adjustment only".

For supplies received through the D.G.S. & D., the Pay and Account's Officers should obtain reimbursement of the payments (initially made by them to the suppliers) directly from the indenting Divisions, instead of claiming the amounts from the Accounts Officers, as at present.

The Land Acquisition Officers may be financed by the P.W. Divisional Officers direct and the advances made by the latter debited direct to the Works Accounts under a suspense head "Land Acquisition".

The submission of Rent Returns to Audit may be dispensed with altogether.

The form of the Extracts of Revenue Realised/ of Revenue may be simplified.

The submission to Audit of vouchers relating to payments made to Class IV Work-charged staff may be discontinued.

The possibility of converting as much of the W.C. Estt. as possible to regular Estt. should be explored.

The limit of vouchers not required to be submitted to audit should be raised to Rs. 250.

The levy of percentages on account of Estt. & Tools and Plant charges may be confined to Capital Works or Works where actual recovery is involved, i.e., those executed on behalf of other Govts., Railways, Defence Deptts., Commercial undertakings on non-Govt. bodies.

The percentage charges determined on the basis of the estimated costs of a work, may be levied annually on the expenditure incurred during the year.

The percentage for Estt. and Tools of Plant Charges may be revised once in every 5 years.

The Divisional Officers may send their first reply to an Audit Inspection Report direct to the A.G.

### ANNEXURE 3

#### RUNNING ACCOUNT BILL

(C.P.W.A. Code, paragraphs 212, 215 and 217)

Final payments must invariably be made on forms printed on yellow paper which should not be used for intermediate payments.)

For Contractors—This form provides for (1) Advance Payments, and (2) Payments for measured works. The form of Account of Secured Advances, which has been printed separately, should be attached, where necessary.

Division.....Sub-division.

Cash Book Voucher No.....Dated

Name of Contractor.....

Name of work.....

Serial No. of this bill.....

No. and date of his previous bill for this work.....

Reference to Agreement No.....  
 Date of written order to commence work.....  
 Date of actual completion of work.....

### 1 – Account of work executed

Item of work (grouped under "sub-head" and "sub-works" of estimate)	Unit	Rate	Quantity executed upto-date as per measurement book	Payments on the basis of actual measurements.		Remarks
				Up-to date	Since previous bill.	
1	2	3	4	5	6/7	
		Rs. np.		Rs. np.	Rs. np.	
Total value of work done to date (A)						
Deduct value of work shown on previous bill.						
Not value of work since previous bill (F)						
Figure (F) in words-Rupees						

When there are two or more entries in column 6 relating to each sub-head of estimate they should, in the case of works the accounts of which are kept by sub-heads, be totalled and the total recorded in column 7 for posting the works Abstract.

### II Certificates and Signatures

The measurements on which are based the entries in columns 1 to 6 of Account I were made by.....  
 .....and are recorded at page.....of measurement Book Nos.....

Certified that in addition to and quite apart from the quantities of work actually executed as shown in column 4 of Account 1, some work has actually been done in connection with several items, and the value of such work (after deducting therefrom the proportionate amount of secured advances, if any, ultimately recoverable on account of the quantities of materials used therein) is in no case, less than the advance payments as per item of the Memorandum of Payments made or proposed to be made, for the convenience of the contractor, in anticipation of, and subject to the results of, detailed measurements, which will be made as soon as possible.

Dated signature of Officer .....  
 preparing the bill (Rank).....

Dated signature of contractor. Dated signature of Officer .....  
 authorising payment (Rank).....

This signature is necessary only when the Officer who prepares the bill is not the Officer who authorises the payment. In such a case the two signatures are essential.

### III—Memorandum of Payments

Total value of work actually measured, as per Acct I, Col. 5, Entry (A) Rs. np. Total "up-to-date" advance payments for work not yet measured, as per details given below :

Rs. np. (B)

(a) Total as per previous bill.....  
 (b) Since previous bill.....as per page.....of M.B. No.....

Total "up-to-date" Secured Advances on security of materials, as per Annexure (Form 26 A), Col. 8.  
 Entry (C).

Total (Items 1+2+3).....

Deduct amount withheld :

Figures for works Abstract

Rs. np.

(a) From previous bill as per last Running Account Bill

(b) From this Bill.....

Balance, i.e. "up-to-date" payment.....(Items 4-5). (K)\*

Total amount of payments already made as per Entry (K) of last Running Account Bill No.....  
 of.....forwarded with accounts for.....19.....Payments now to be made,  
 and detailed below :

\*This figure should be tested to see that it agrees with the total of items 7 and 8.

- (a) By recovery of amounts creditable to this work : Rs. np. Rs. np.  
 .....  
 Total 5 (b)+(a) (G)  
 (b) By recovery of amounts creditable to other works or heads of accounts : (b)  
 (c) By cheque  
 Total 8 (b)+(c).....(H)

Pay Rs. (.....)\*\*by cheque  
 Dated initials of Disbursing Officer.

Received Rs. (.....)as per above memorandum, on account of this work.  
 Dated the (Amount in vernacular)

†Witness..... Stamp,  
 Full signature of Contractor

Paid by me, vide cheque No.....dated.....19  
 Dated initials of person actually making the payment.

\*\*If the net amount to be paid is less than Rs. 10 and it cannot be included in a Cheque the payment should be made in cash, this entry being altered suitably and the alteration attested by dated initials.

Here specify the net amount payable vide items 8 (c).

The payee's acknowledgement should be for the gross amount paid as per items 8 (i.e. a+b+c.)

†Payment should be attested by some known person when the payee's acknowledgement is given by a mark, seal or thumb impression.

#### IV--REMARKS

(This space is reserved for any remarks which the Disbursing Officer of the Divisional Officer may wish to record in respect of the execution of the work, check of measurements or the state of contractor's account).

#### FORM 26 A

(To be annexed to Form 26 where necessary)

Division.....Sub-division.....  
 Name of Contractor.....Name of Work.....  
 S. No. of the Bill to which the.....Account pertains.....Cash Book Voucher No.....dated.....  
 Account of "Secured" advance allowed on the security of materials brought to site.

Quantity outstanding from previous bill	Deduct quantity utilised in work measured since previous bill	*Quantity outstanding (including quantity brought to site since previous bill)	Full rate as assessed by the Divisional Officer	Description of Materials	Unit	Reduced rate at which advance is made	**Up-to-date amount of advance	Reference to Divisional Officer's written orders authorising the advance.	Reasons for non-clearance of advance when outstanding for more than three months.
1	2	3	4	5	6	7	8	9	10
			Rs. np.			Rs. np.	Rs. np.	No. Date	

Total amount outstanding as per this account.....(C)

Deduct amount outstanding as per entry (C) Annexure to the previous bill.....

Net amount since previous bill (in words).....Rupees.....(D)

\*Entries relating to each description of materials should be posted thus column 3. First enter difference between quantities in columns 1 & 2.

Then show below this entry, the quantities, if any, brought to site against which a further advance has been

authorised, this entry being prefixed by the plus sign. Finally, strike the total of the two entries, which will represent the total quantity outstanding.

**\*\*Entries in column 8 show the money values of the total quantities outstanding as per column 3.**

**\*Certified (1) that the plus quantities of materials shown in column 3 of the Account above actually been brought by the contract or to the site of the work and the contractor has not previously received any advance on their security (2) that these materials are of an imperishable nature and are all required by the contractor for use on the work in connection with items for which rates for finished work have been agreed upon, and (3) that a formal agreement in Form 31 signed and executed by the contractor in accordance with paragraph 288(a) of the Central Public Works Account Code is recorded in the Divisional Office.**

Dated signature of officer preparing the Bill.....

(Rank).....

**\*\*Dated signature of officer authorising payment.....**

(Rank).....

**\*These certificates must be signed by the Sub-Divisional Officer.**

**\*\*This signature is necessary only when the officer who prepares the bill is not the officer who authorises the payment. In such a case the two signatures are essential.**

#### ANNEXURE 4

#### PETTY WORKS REQUISITION AND ACCOUNT FORM C.P.W.A. 32

##### PART III—Summary of Charges

Breif Particulars	Cash book voucher or transfer entry book item No.	Final charges	Suspense Account (To be operated when necessary)	Total cost	Total of the month	up-to date total	Initials of S.D.O.	Initials of Divisional Accountant

##### Grand Total

The work was completed on.....	Checked and found correct	Remarks of Divisional Officer for Passing excess.
Signature of Sub-Divisional Officer	Divisional Accountant	Divisional Officer

#### ANNEXURE 5

#### REGISTER OF UNPAID WAGES

Name of Work.....

Sl. No.	Muster Roll	Name of labourer	Father's name	Period to which the amount relates	Amount due	Amount paid	Initial of the SDO	Cash voucher No. and date	Remarks
1	2	3	4	5	6	7	8	9	10

Note :—The name of work should be mentioned at the top before recording the entries relating to that work.

# **COLLISION BETWEEN V. 414 DOWN MILITARY VEHICLES SPECIAL AND 1590 UP GOODS AT SIVARAMAPURAM STATION, SOUTHERN RAILWAY ON 24TH MAY, 1962—REPORT**

Delhi, Manager of Publications, 1970. 20p.+ip.

One-Man Commission : Shri H. S. Hart.

## **APPOINTMENT**

The Commission was constituted under the Ministry of Tourism and Civil Aviation (Commission of Railway Safety) in accordance with Rule 9 of the Railway Board's Notification No. 1926-T, dated the 19th March 1930.

## **TERMS OF REFERENCE**

To inquire into the head-on collision that occurred between V. 414 Down Military Vehicles Special and 1590 Up Goods at Sivaramapuram Station on the Arkonam-Guntakal Broad Gauge Single Main line section of the Southern Railway at about 02-25 hours on the 24th May 1962.

## **CONTENTS**

Corrigendum; Summary; Inspection and Inquiry; Preamble (Description of the accident; Casualties; Composition of the trains; Damage and disposition of the vehicles; Escorts; Weather conditions); Relief Measures (First-aid and medical assistance; Restoration of communications); Local Conditions (Description of the Site; Description of the Station and system of working; Permissible Speeds); Summary of Evidence; Observations and Tests (Local of V. 414 Down; Braking Distance Tests); Discussion (Time of the accident; Cause of the accident; Safeguards provided in connection with the working of Sivaramapuram Station; Speed of V. 414 Down at the time of the collision; Condition of the brakes of the leading and the banking engines attached to V. 414 Down; Brake Power of V. 414 Down; Responsibility of the Train Examining Staff; Responsibility of the Driver of the leading engine handling V. 414 Down; Probable causes of V. 414 Down getting out of control); Conclusions; Recommendations made by the Commission of Railway Safety in Connection with Collision between V. 414 Down Military Vehicles Special and 1590 Up Goods at Sivaramapuram Station Southern Railway, on 24th May, 1962; Annexures I and II.

## **CONCLUSIONS**

### **Cause Of The Accident**

From the evidence available, I have come to the

conclusion that the collision between V. 414 Down Military Vehicles Special and 1590 Up Goods at Sivaramapuram station on the Arkonam-Guntakal Broad Gauge Single Main line section of the Southern Railway at about 02-25 hours on the 24th May 1962 was due to the train crew of V. 414 Down losing control of the train and passing the Down approach signals of Sivaramapuram station in the 'ON' position without authority, and colliding with 1590 up goods which was at the time being received into the station on signals.

### **Responsibility For The Accident**

(a) The Driver of the leading engine of V. 414 Down Shri K. C. Venkataraman, was primarily responsible for the collision in terms of General Rule 77, in that he failed to exercise sufficient care, lost control of his train, and passed the Down approach signal's of Sivaramapuram station in the 'ON' position without authority.

This Driver whose evidence was tendered in a very straight forward manner, is 30 years of age and has been in service for the last 11 years, having been engaged as a Fireman Apprentice in March 1951. He was promoted as a Driver 'C' Grade with effect from May 1958 and has had the following punishments :

(i) Censured for overstaying of leave without prior sanction in April 1954.

(ii) Increment due in 1956 withheld for one month for being absent without leave or medical certificate.

(iii) Increment due in 1959 withheld for 3 months in connection with detention to a Goods train.

(iv) Increment due in 1960 withheld for 2 months for being held responsible for the parting of a Goods train.

He was last medically examined in December 1959 and passed in Class A !

(b) The Driver of the banking engine of V. 414 Down, Shri C. Obalesu, was also responsible for applying the vacuum brake, thereby vitiating to some extent the attempts of the Driver of the leading engine to restore the vacuum by blowing up with the large ejector. He thereby violated the provisions of Subsidiary Rule 77 (iii) (b) and paras 6 (h) (ii) and (iii) of the Southern Railway's "Pamphlet Containing the Rules and special instructions for the use of the Automatic Vacuum Brake on Trains". It cannot, however,

be said with any certainty that his applying of the vacuum brake made any significant contribution to the accident.

This Driver is 52 years of age and was appointed as a Fuel Cooly in January 1929. He was initially promoted as a 'C' grade Driver in November 1954 and was confirmed as such in January 1957. Since 1950 he has had the following punishments :

(i) Censured in July 1952 for being responsible for a late start to a goods train.

(ii) Censured in August 1955 for not creating sufficient vacuum while banking No. 9 Mail.

(iii) Suspended from duty from December 1956 to April 1957—this being later regularised as suspension period only.

(iv) Increment due in April 1958 withheld for 21 months for poor engine manship.

(v) Censure for excessive fuel consumption in December 1958.

(vi) Censured in September 1959 for obstructive working.

(vii) Censured in February 1960 for mismanagement of his engine while banking a goods train.

(viii) Increment due in April 1961 withheld for 21 months.

(ix) Censured for being heavy in fuel consumption

in September 1960.

The Driver's record is not good. His replies were also inclined to be evasive and were not given in a straight-forward manner.

#### Relief Measures

The Assistant Station Master Cuddapah stated that an engine and brake van were ready on the platform by 03-00 hours, but that the Assistant Surgeon only brought the necessary medical equipment to the station by 03-50 hours. The Station Master Cuddapah also stated that the Assistant Surgeon only came to the station with his equipment at about 03-45 hours, and this has been corroborated by the Traffic Inspector. The Assistant Surgeon, however, in his evidence stated that he came to the station with his equipment by 03-30 hours and that the engine and brakevan were not ready at the time. The train only left Cuddapah at 03-55 hours and this avoidable delay should be investigated by the Railway Administration.

Information was given by Control to Nandalur to start the Medical Van Special at 02-45 hours, but it only left at 03-15 hours. The delay in starting this Medical Relief Van Special from Nandalur should be looked into by the Railway Administration.

## MOTOR VEHICLES INSURANCE COMMITTEE, 1962—REPORT

Delhi, Manager of Publication 1963. 146p.

**Convenor :** The Deputy Secretary Incharge of Road Transport Division in the Ministry of Transport & Communications, Department of Transport, New Delhi.

**Members :** The Controller of Insurance, Simla or his representative; Secretary to the Government of West Bengal, Home, (Transport) Department, Calcutta; Member, Motor Accident Claims Tribunal, Bombay; Shri D. S. Dikshit ; Shri A. A. Jasdenvala ; Shri G. A. Desai ; Shri A. Niyogi ; Shri S. Krishnamurty Shri K. Srinivasan.

#### APPOINTMENT

The Government of India have received several suggestions for amendment of Chapter VIII of the Motor Vehicles Act, 1939, relating to compulsory insurance of motor vehicle against third party risks. Since the proposals involve substantial changes in the

existing provisions of the Act and require thorough examination from the point of view of the insurer, the insured and the public, the Government of India, decided to appoint a part-time Committee to Study the various proposals and make recommendations in respect thereof. So The Motor Vehicle Insurance Committee was Constituted by the Ministry of Transport and Communications, Department of Transport (Transport Wing) Vide Resolution No. 2-TL (26)/59 dated May 24, 1962.

#### TERMS OF REFERENCE

1. To survey and report how far the existing provisions relating to compensation, third party insurance and claims Tribunals serve the purpose for which they were meant.

2. To examine and report on the following specific suggestions :

(a) Extension of time limit for filing applications



before the Claims Tribunals;

(b) Increase of amounts for which third party insurance policies should be taken;

(c) Making it incumbent upon the insurer to pay a third party claimant a certain minimum sum of money, depending upon the nature of the loss sustained and indicating such minimum;

(d) Prescribing the minimum compensation payable for various injuries;

(e) Making the insurer a party in compensation proceedings before Claims Tribunals;

(f) Authorising Claims Brokers to contest claims on behalf of aggrieved parties before claims Tribunals.

(g) Suo moto action by claims Tribunals.

3. To make any other recommendations germane to the above subject.

## CONTENTS

Introductory; Recent Developments in other Countries; Road Accidents Statistics; Third Party Victims; Compulsory Insurance of Transport Vehicles; Damage to third party property; Claims tribunals; Miscellaneous Summary of Main Conclusions, Recommendations and Acknowledgements; Note of Dissent; Appendices.

## RECOMMENDATIONS

### Road Accident Statistics

The National Road Safety Council, the establishment of which is under the Government of India's consideration, should, study the reasons why the number of cases in which compensation is actually paid is much less than the number of cases in which, according to accident reports, the driver is in the wrong.

The recording and reporting of full particulars of all accidents resulting in third party property damage should be made obligatory under the Motor Vehicles Act, which, at present, contains provisions covering only third party injuries.

A provision should be made in the Motor Vehicles Act requiring the maintenance of an accident register for every transport vehicle operating on an inter-State route.

The Road Accident Report Form evolved in the First Study Week in Traffic Engineering and Highway Safety organised by the Government of India in 1959 at Bombay under the auspices of the ECAFE, may be adopted in this country. In addition to the information covered by this, further essential details about the insurance of the Vehicle involved in an accident should be obtained. All India statistics of uninsured vehicles, hit-and-run accidents, etc., should also be systematically collected. The insurers should also be asked to furnish particulars of their annual premium receipts,

compensation payments etc., to the National Road Safety Council as well as the Controller of Insurance.

The National Road Safety Council should be vested with the statutory responsibility for not merely processing accident data through an Accident Record Division and coordinating any researches and are necessary, but also publishing the results of its studies. The Police authorities should be required to send copies of their First Information Reports to the Council within 48 hours of each accident.

### Third Party Victims

The Motor Vehicle Taxation Acts in the different States should be suitably amended to make it impossible for a vehicle owner to pay the tax for a period extending beyond the period covered by the insurance of the vehicle.

Claims Tribunals should be empowered to recover adjudicated damages like arrears of land revenue from the owner or driver of a vehicle which is not insured or liability in regard to which is repudiated by the insurer on valid grounds. The power should also be available in the case of a transport vehicle when the damages awarded exceed the amount of insurance.

The Motor Vehicles Act should be amended to provide also for penalty up to Rs. 1,000 for deliberate misrepresentation by an owner of a vehicle for securing a certificate or policy of insurance and for any vexatious attempt by the insurer to wriggle out of his liability by any false statement of facts.

Insurers should be required to make a separate deposit for Act liability cases by an amendment of the M. V. Act. The exact amount of deposit should be prescribed by the Comptroller of Insurance, taking the insurer's volume of Act liability business into account in accordance with a formula which he can evolve in consultation with the insurers. The deposit should be earmarked for payment of any claims that are unreasonably delayed or that may be settled after the insurer goes into liquidations, such course of action in every case being subjected to the prior scrutiny and sanction of the Controller of insurance.

The agency commission for Act liability insurance should be reduced to 10 per cent from the present rate of 15 per cent.

A Central Third Party Insurance Fund should be set up for compensating innocent victims of accidents involving (i) uninsured vehicles, (ii) vehicles with effective certificates or policies of insurance, (iii) unidentified vehicles, (iv) stolen vehicles and (v) insolvent insurers, and also victims of accidents in which there is no contributory negligence on the part of either the owner or driver or victim himself. This fund should be administered by a Special Committee of the National

Road Safety Council which should include the Controller of Insurance and representatives of the insurers. Contributions should be collected for this fund in the form of a surcharge equal to 5 per cent of the third party compulsory insurance premium payable by vehicle owners and also from the following sources :

(i) The premium that should have been paid in the normal course by the owner of an uninsured vehicle for the period he has not taken a valid insurance policy for it, together with penalty for the default, which should be equal to the amount of arrear premium.

(ii) Contribution from State Transport Undertaking based on the premium that will be payable by them but for their exemption from insurance.

Payments from the fund should be restricted to claims settled by a Claims Tribunal or a Civil Court, subject to a maximum of Rs. 10,000 per individual and Rs. 20,000 per accident exclusive of interest and cost. The national Road Safety Council should be entitled to sue the owner or operator or driver of a vehicle for reimbursement of any amount paid by it in pursuance of the Tribunal's/court's order. It should be allowed to be impleaded as a defendant in all cases where it is called upon to make the compensation payment.

#### Insurance Of Transport Vehicles

The owner of every stage carriage and contract carriage should be required to take a policy of insurance that will compensate the passengers in the event of an accident for which neither the owner nor the driver of the vehicle was responsible, unless there is contributory negligence on the part of a victim.

The existing limits of the amount of insurance policy for employee and third party liability for a transport vehicle should be increased from Rs. 20,000 to Rs. 50,000 for a vehicle under Section 95 (2) (a) and (b). There should also be a further increase in the amount of policy for passenger risk insurance from Rs. 2,000 to Rs. 5,000 per individual passenger if it is a bus and from Rs. 4,000 to Rs. 10,000 per passenger if it is a taxi under Section 95 (2) (b). A vehicle capable of carrying upto 30 passengers may be compelled to insure for Rs. 50,000 a vehicle with a carrying capacity ranging from 30 to 60 for Rs. 75,000 and a vehicle with a large capacity for Rs. 1 lakh.

#### Third Party Property Insurance

Insurance against damage to third party property for a sum of Rs. 2,000 on accident should be made compulsory ; claims should be required to be lodged before Claims Tribunals in all cases where they do not exceed this amount. Even if the claim for damage to property exceeds Rs. 2,000, the victim of an accident, who has suffered personal injury before a Claims

Tribunal should be entitled to prefer the property damage claim also before the Tribunal Fees may be levied in respect of property claims on the same ad-valorem basis as in the civil courts.

#### Claims Tribunals

The Kerala, Uttar Pradesh, Mysore, Andhra Pradesh, and Rajasthan Governments should constitute Tribunals without further delay, thus obviating the need for an amendment of the Motor Vehicles Act for setting up Tribunals compulsorily.

Full particulars of the insurer, driver and the owner of a vehicle involved in an accident and of the witnesses to the accident, including occupants of the vehicle, should be obtained and recorded by the police in the first information. Report or as soon thereafter as possible and these should be forwarded to the National Safety Council promptly.

The Motor Vehicles Act should be amended to empower a Claims Tribunal to summon the driver or owner of a vehicle as a witness, and also impose a fine on the delinquent driver who remains absent or fails to produce the evidence in his possession, up to a maximum of Rs. 2,500 and/or suspend, cancel the driving licence/permit/registration certificate.

A Claims Tribunal should also be enabled to permit an insurer to defend an action directly where it is satisfied that—

(i) There is lack of cooperation on the part of the insured or his agent who was in possession of the vehicle or of other persons connected with him, or

(ii) There is collusion between the insured and the person who preferred the claim.

In every case of accident in which the Police commence prosecution of the owner or driver of a vehicle, and also every case of hit-and-run accident, the Police should be instructed to let the victim of the accident or his legal representative simultaneously have a circular in the regional language explaining the remedy that is available, the procedure for application for compensation and the time for filing it. The Union Ministry of Transport should draft a model circular for this purpose.

The criminal courts should be requested by a general circular or draw the attention of the victim of an accident to his right to move the Tribunal for compensation at the time of pronouncing a judgment of conviction and to state at the foot of the calendar which accompanies the judgment that they have made the above direction.

Copies of police records should not be withheld from the parties of a claims case during the pendency of the criminal proceedings on the mere ground that the case is subjudice.

The period within which an application for claims should be filed before the Claims Tribunal should be increased to six months from the date of the accident.

A court fee of Re. 1 should be charged if the claim in a case of accident is confined to special damages. If any further general damages are claimed, an *advocorem* fee should be charged on the aggregate of the special and general claims on the following scale :

Amount of claim	Amount of court fee
Upto Rs. 5,000.....	Rs. 10
Rs. 5,000—50,000.....	1/4% of the amount of claim
Rs. 50,001—100,000.....	1/2% of the amount of claim
Above Rs. 100,000.....	1% of the amount of claim

Penal interest at the rate of four and half per cent should be payable on the amount of compensation in arrear, unless the Tribunal has itself allowed extension of time for payment of any part of the amount for any reason. This penal interest should be charged even in cases in which the compensation has already been paid from the Central Third party Insurance Fund and the National Road Safety Council files a suit against the owner or driver of the vehicle either jointly or severally.

#### Miscellaneous

The insurance should be required to notify not merely cancellation or suspension of policies but particulars of all vehicles the policies in respect of which have not been renewed by them, the Transport Commissioner, Controller, Director of Transport of the State where the vehicles were last registered.

The insurers should be required to keep separate proforma accounts for Act liability insurance and submit them to the Controller of Insurance as a separate revenue account in terms of the Insurance Act and statistics regarding the different kinds of motor insurance policies, premium receipts, claims, etc. should also be furnished along with the revenue accounts.

Suitable rules should be made under Section III of the M. V. Act requiring insurance furnish (i) periodical returns of the number of Act liability policies issued for the vehicles in each State and (ii) such specific information as may be needed by the State Governments and the National Road Safety Council, in regard to particular policies.

The National Road Safety Council should be in active touch with the legal aid societies where they exist, and have panels of lawyers where there are no such societies for free aid in cases where applications are made in forma pauperis and also in cases where the claimants are women and males who have not attained majority or whose annual income does not exceed Rs. 1,500. The system of claims brokers is undesirable.

The State Transport undertakings should conform

strictly to the relevant rules prescribed by the Central Government regarding motor vehicles third party insurance funds.

The Transport Department of each State Government should maintain a record of the Government vehicles which are exempt from insurance and also details of accidents in which the vehicles are involved including the compensation paid to claimants in these accidents and basis on which the compensation is paid.

An accident should be deemed to have occurred in a public place notwithstanding that the person injured or the property damaged is actually not there if the cause of accident or the error of omission or commission which had led to it had occurred there.

The owner of a vehicle who wants to sell it and also transfer the unexpired policy of compulsory insurance covering it to the vendee should, by an amendment of the motor Vehicles Act, be required to give minimum notice, say of a week, commencing from the date of receipt of his letter by the insurer, for this purpose and the insurer's failure to respond to it within this week should be taken to amount to concurrence.

The National Road Safety Council should underwrite the third party risk in cases where the insurers decline to renew a policy, on such terms and at such premium rates as it considers fit.

The National Road Safety Council should try to bring about settlement out of court; but the judicial procedure should not be dispensed with, where a compromise does not materialize.

The minimum amount of compensation should be prescribed for certain injuries and the amount of additional compensation payable with reference to the impairment of the earning capacity of the injured should be left to the discretion of the Claim Tribunals.

The minimum should be fixed on the basis of the amount prescribed in the Workmen's Compensation Act for a person in the lowest income group.

The claimant and the defendant in every claims case should be required to furnish information about their relationship, if any, and about prior accidents in which either of them was involved.

Copies of all orders awarding compensation should be required to be sent by the Claims Tribunal to the Licensing or Regional Transport Authorities concerned for appropriate action against the drivers and owners of the vehicles in case either criminal proceedings have not already been initiated against them or they have prove unsuccessful for lack of evidence.

The National Road Safety Council should examine, in the light of the conditions obtaining in the different States the steps necessary for giving adequate publicity to the provisions of Chapter VIII.

Acknowledgements : We have received a full measure

of cooperation from State Governments, State Transport Undertakings, Insurance Companies and the Insurance Association of India, Road Safety Associations, Automobile Associations, the Indian, Road and Transport Development Association, Chambers of Commerce, Automobile Manufacturers & Dealers, the All India Motor Unions' Congress and other Associations of transport operators and drivers, and various other organisations and individuals interested in road transport and road safety.

Our thanks are due to Dr. M. K. Ganguli, for interpreting some of the statistical information for us and for suggesting the form in which sum of the essential

date can be collected in future. He was ably assisted in this work by Shri K. C. Saksena and Shri G. Ramachandran.

We did not trouble the Government for separate staff for our enquiry but availed of the services of the staff of the Road Transport Division in the Transport Ministry. We place on record our appreciation of the rare efficiency and diligence with which Shri R. C. Gupta, who is at present an Officer on Special Duty with the Ministry, has assisted the Committee in its task and the very competent and willing Secretariat work turned out by Sarvashri R. S. Ohri, Dharampal Singh and Santokh Singh Meen.

## COMMITTEE ON TRAFFIC IN DELHI, 1962—REPORT

### Delhi, Ministry of Home Affairs, 1963, 86p.+various pages+Maps

**Chairman :** Shri Bhagwan Sahay.

**Members :** Chaudhuri Brahm Prakash ; Shri Daroga Mal ; Bawa Bachittar Singh ; Mir Mushtaq Ahmad ; Shri S.L. Puri ; Shri R.R. Bahl ; Shri B. B. Banerji ; Shri P.K.J. Menon (replaced by Shri K. A. Khan) Shri G. Mukharji ; Shri T.S. Khanna.

**Co-opted**

**Members :** Shri L. O. Joshi (replaced by Shri K. Kishore) ; Shri S. G. Bose Mullick ; Shri Gajraj Singh ; Shri C. S. Gupte ; Shri B. G. Fernandes ; Shri M. P. Singh ; Shri K.L. Rathee.

**Member-**

**Secretary :** Shri P.K. Dave.

#### APPOINTMENT

The Committee on Traffic in Delhi was constituted under the Ministry of Home Affairs vide their Resolution dated 21.6.1962.

#### TERMS OF REFERENCE

To conduct investigation into all aspects of the problem of traffic in Delhi and make the recommendations to Government on the subject.

#### CONTENTS

**Preamble :—**The Nature of the Problem ; Improvement of the Circulation System ; Public Transport ; Regulation and Enforcement ; Organisation, Coordination and Direction ; Summary of Conclusions and Recommendations ; Appendices from A to I ; 6 Graphs ;

3 Maps.

#### RECOMMENDATIONS

We consider that the techniques of both "place" and "time" segregation should be applied to the traffic problem of Delhi in a scientific manner.

An efficient machinery for timely repairs of roads should be maintained by the authorities concerned on a decentralised basis.

#### The Nature of The Problem

The rapid urbanisation of Delhi from the time it became the capital of British India, through the Second World War and in the post-independence years has been traced. Since 1931, the rate of urbanization has been extremely high ; it was accentuated during the war years and a phenomenal increase was registered with the refugee influx immediately following Independence. The population projections for the Delhi urban area for 1971 and 1981 have been mentioned to indicate roughly the magnitude of the problem likely to be faced.

The importance of Delhi as a centre of trade and commerce and its emergence after Independence as the national capital and an international centre have all contributed to its traffic and its break down into trips in public transport vehicles, hired vehicles and private transport have been indicated.

The characteristics of the existing circulation system have been noted. By and large, the growth in vehicular traffic has not been attended with equivalent growth in

road capacities and mileage. Insufficient road-width and the mixed nature of traffic contribute to the traffic problem of Delhi. Connected approaches to the highways, and to the various localities are not readily available; intersection designs are faulty and not only cause accidents but also act as bottlenecks; footpaths and cycle tracks are inadequate and are of faulty design; driver visibility and road lighting are poor; road condition is unsatisfactory. Access between Delhi and New Delhi present very great difficulties.

Vehicular accidents have increased almost four fold between 1957 and 1962. The increase being contributed largely by the fast moving vehicles. Fatal and major injuries have more than doubled in the same period and minor injuries have increased nearly three-fold and collisions more than five fold. Pedestrians are the greatest sufferers both in killed and injured.

The various factors which influence driver performance and the accident rate have been noticed.

Traffic in Delhi is mixed in character, consisting of slow moving bullock-carts, tongas, rickshaws and bicycles along with high speed scooter and motor-cycle rickshaws, private cars taxis, buses and goods carriers. Provision of separate tracks for pedestrians and bicycles is inadequate and inefficient. There is great pressure of competing users of different speeds and this not only causes confusion and congestion but reduces the capacity of the roads. Frequent obstruction of footpaths and kerbs by hawkers and vendors is a special feature of Delhi roads, which forces pedestrians on to the main carriage way thus creating a road hazard and obstructing flow of traffic.

Delhi is fast developing into an inter-city and interstate road terminus; but the buses and goods vehicles have tended to congregate at certain key points resulting in problems of congestion.

The bicycle is the main vehicle of personal transportation and in 1957 survey, 7 out of 10 vehicles on Delhi roads were found to be bicycles. The passengers on these bicycles are largely people going to and from the principal work centres; this creates unprecedented problems of congestion.

The Delhi Transport Undertaking has increased its services from a mileage of 19,000 in 1951-52 to 75,000 in 1962-63; passengers carried per day have increased from 79,000 in 1951-52 to 6,00,000 in 1962-63. This developments encouraging but the increase in the number of buses itself creates great problems of traffic; bus terminals are in adequate, bays for parking of buses are virtually non-existent and guard rails and queuing rails are only now being introduced.

Congestion points caused by road-rail crossings have been noted.

The special problems of parking and frequent open-

ings on to main road caused by multi-storied constructions in areas served by relatively narrow roads have been noticed.

One of the principal contributory factors of congestion is the concentration of the work centres in three or four well-defined complexes. Mass transport media have proved inadequate for clearing the traffic to and from these work centres. The D.T.U. is making good efforts to cope with the problem but there are no other mass transport media available. The limited suburban train service makes an insignificant impact and even the projected ring railway will prove of little value. The very welcome decision of Government to stagger working hours for offices has reduced the problem somewhat but the full impact of this measure has yet to be achieved.

The problem of congestion during special occasions has been dealt with by another Committee appointed in 1959 and its recommendations have resulted in considerable improvement. But the problem itself cannot be permanently solved by mere regulatory measures.

Enforcement of traffic laws by the Traffic Branch of the Delhi Police suffers for want of adequate personnel and modern aids like mobile patrols with wireless communication, automatic devices for speed testing, enforcement research etc. This inadequacy adds to the traffic situation.

A few specific studies and some research on the traffic problems of Delhi have been done, but a comprehensive view was taken for the first time in the Master plan for Delhi which provides a considerable amount of basic material for our report.

#### Improvement of the circulation system

The essentials of an ideal circulation system have been discussed with treatment in some detail of the four major factors—roads, land use, vehicles and the users.

The development of a good circulation system will require coordination of various policy making, planning and administrative, executive and regulatory agencies. The importance of traffic engineering to the development of a sound circulation system has been emphasized. Traffic engineering has been defined and its application discussed. We have expressed the hope that its importance will be maintained and that it will come to stay as one of the principal means of solving the traffic problems of the capital.

Measures for the improvement of the circulation system have to be considered in two parts short-term and long term. The short-term measures deserve to be implemented immediately with such addition and alterations in the Third Five Year Plan outlay as may be required; the long term measures are essentially projects

for implementation over a longer period but a beginning should be made on several of them from now.

We have discussed the peak hour problems of road congestion and transportation which are becoming more acute as time passes. We consider that it is clearly beyond the capacity of a road transport organization which has to be run on economic lines to take on the whole burden. The staggering of working hours is an obvious immediate solution and we are glad to note that while our committee was in session, the Government of India have introduced this in their offices. We consider, however, that it is necessary that this principle should be given wider acceptance. It will be necessary for Delhi Administration to persuade the business establishments to fall in line with this measure.

We consider that the techniques of both "place" and "time" segregation should be applied to the traffic problem of Delhi in a scientific manner. Detailed Recommendations have been made in the chapter on "Regulation and Enforcement". The policy in this regard will have to be constantly under review and research to cope with the development problem.

The condition of roads and of the road surface in Delhi have been discussed. We consider it essential that an efficient machinery for timely repairs of roads should be maintained by the authorities concerned on a decentralised basis. We have examined the expedient of providing a small repair agency under the Traffic Police but do not recommend it. The work should rest squarely on the agency for the maintenance of a particular road way but steps should be taken to streamline the machinery. Each such agency should have a traffic cell to detect surface deterioration and to execute urgent minor works expeditiously. The traffic Police should also report the development of broken surfaces to the agency responsible.

We suggest that the practice obtaining in other busy cities of conducting repair work at night or at least during the off-peak hours should be introduced in Delhi.

Whenever roads are to be cut for various kinds of repairs etc., advance information should be given to the traffic authorities so that they can make certain that proper diversions are provided and adequate signs and danger signals placed. We would strongly recommend that once a warning has been issued to the authorities concerned, the police should prosecute all persons not observing the safety and traffic requirements.

In planning new road works, the departments concerned should take coordinated action to plan and to provide for electric, sewer and water pipelines so that occasions for cutting of the road to not arise in future. Pipes should be buried at suitable points to enable cross connections for electricity, telephone, sewers and water supply lines. This would require a

high degree of coordination which we trust, the Department of Traffic recommended in Chapter V will be able to achieve.

The problem of storm water flooding of the road surface has assumed inconvenient proportions and we recommend that the storm water drainage system should be designed for effective run-off 1/2" per hour in main drain, and 3/4" in branch drains as recommended by the Flood Control Committee. Road-side drainage should also be improved effectively. In our view, the problem deserves concentrated attention.

Lighting of Delhi roads, footpaths and cycle tracks at night time is inadequate and defective. This not only reduces road capacity but creates accident hazards. Orders prohibiting the use of head lights cannot be enforced on badly lit roads. We recommend that the lighting of Delhi roads, inter-sections, cycle tracks and footpaths should be done on top priority basis. The position should be kept under constant review to cope with the growing intensity of traffic.

As major roadways and streets of the city become well lit, the use of head-lights on them should be prohibited, and the prohibition rigorously enforced.

At least on the important roads, all the road signs and direction boards should be lit. This will be all the more important when use of headlights is prohibited.

The principal factor militating against the free flow of traffic in Delhi is the inadequacy and faulty lay-out of road intersections. Some work has been done to improve matters and research is also going on under the Central Road Research Institute. We consider that the pace of this work should be expedited. We have given in Appendix 'A' a list of the road intersections which require urgent improvement. The improvement and redesigning of intersections will remain a continuing function of the Department of Traffic recommended by us in chapter V.

We recommend that all obstructions which impede the free flow of traffic should be removed. Removal of these obstructions would go a long way in speeding up the flow of traffic.

It inherent vendors need to be severely restricted and their parking rigorously controlled. Over-hanging branches of trees which reduce visibility need constant attention. Permission to stack building materials on roads and permits for holding marriages and other functions on the streets should be strongly discouraged.

Vehicle break downs and traffic accidents should not be allowed to remain in streets obstructing traffic for long periods. We consider it necessary to have a mobile recovery service with central telephone points so that such obstructions can be removed without loss of time. The accident investigation squad should be geared up to be able to complete the investigation on

the spot in less than half an hour of the occurrence of an accident.

Pavement should be improved and freed from obstructions in order to draw in pedestrians from the carriage way. Municipal authorities should take active steps with the help of the police for the clearing of all existing obstructions.

Fresh permits to hawkers, rehriwalas and tongas should be issued by the Corporation and the transfer of ownership of permits should also be curbed so as to eliminate such obstructions in due course. There should be a joint drive by the police and the Corporation to check existing licences and rehbazari chits so that forged documents may be dealt with according to law.

For pedestrian safety, we recommend the provision of guard rails at busy interesections, introduction of pedestrian crossing lights, prominent marking of pedestrian crossings and their inforcement, increase in the number of such crossing preventing jay-walking on the roadways and where feasible, construction of subways and over-bridges. On wide roads, pedestrian refuges may be provided in the middle of the road. Pedestrian crossings should, as far as may be possible, be a few yards behind a bus stop. In certain parts of the old city, the creation of "pedestrian precincts" may be considered.

Cycle tracks should be improved and made attractive to the cyclists. The number of openings of roads leading to the bungalows which obstruct cycle tracks should be reduced. Arrangements should be made for clearing bicycle traffic at important intersections. A beginning must be made with the provision of new cycle tracks and the proper maintenance of the old ones. We have given a list in Appendix 'B' of cycle tracks which we consider essential.

There are already several schemes for the widening of roads and bridges which act as serious bottlenecks. In Appendix 'C' we have given a list of works in order of priority which we consider necessary. The works given top priority in our list must receive the most urgent attention of Government.

There is urgent need for increasing the number of crossings over the river Yamuna. In addition to two bridges at Wazirabad and Humayn's Tomb provided in the Master Plan, two more bridges should be built, one north of Rajghat and the second between the Wazirabad barrage and the existing Yamuna Bridge. To speed up traffic on the existing rail-come-road bridge, the track should be concreted immediately. To prevent vehicle breakdowns blocking traffic, we recommend the maintenance of a break-down recovery service at or near the bridge all the 24 hours of the day.

We recommend grade separation of road from railway lines at certain congested points.

The problems of parking in Delhi are growing apace. We endorse the recommendations of the Master Plan, some of which are already under implementation. We have also made general recommendations to solve this problem. Certain studies on parking have been given in Appendices 'D' and 'E'.

Bus stops on congested street tend to become "Black spots" for accidents. We recommend reduction of bus stops on busy streets and their staggering, and the provision of bays away from the carriage way for the buses to stop and for the passengers to assemble; such bays should not interfere with footpaths and bicycle tracks.

We endorse the recommendation of the Master Plan for the construction of godowns and warehouses on the outskirts of the city to remove congestion from busy areas. The development and allotment of land for this purpose should be given high priority. Until this is done, loading and unloading may be permitted in the existing premises with such safeguards and restrictions as can be imposed. The Delhi Corporation and NDMC might consider the licensing of such premises as a further measure of control.

#### Long-term Measures

We have emphasized the inter-relationship between scientific land use and transportation. We endorse the Master Plan recommendations for a traffic circulation plan with such changes as may be necessary at the detailed planning stage. We have also recommended the redevelopment of the Connaught place area according to the Master Plan and the provision of multi-storeyed parking facilities on Esplanade Road and at Gandhi Grounds near Fountain on a priority basis.

We recommend that the Old Delhi Main and New Delhi Railway Station Yards should be redesigned to cope with growing traffic, and provided with openings and passenger access terminal on two sides. Additional parking space should be provided opposite New Delhi Railway Station as recommended in the Master Plan.

For the vast expanding needs of South Delhi, the Nizamuddin Railway Station should be expanded.

We endorse the proposal in the Master Plan for the development of mineral sidings at Tughlakabad, Sahibabad, Azadpur and Kirti Nagar.

Unless a satisfactory mass transit system is developed all measures of improvement of the circulation pattern are likely to remain mere palliatives. This has been discussed in detail in Chapter III.

We have stressed the importance of continuing research and studies in traffic problems, without which the arrangements will always lag behind the growing requirements.

In Map I, the major recommendations for the improvement of the circulation system have been shown.

### Public Transport

We have stressed the decisive role of mass transit facilities in the development and growth of big cities and the need for ensuring that such facilities keep pace with the development of a city and its suburbs. The D.T.U., which is the sole facility for mass transit in Delhi, is unlikely to provide the answer and there is need to take stock of the requirements, analyse the problems and work out solutions both on short and long-term basis. We recommend that in the interests of the future integrated development of Greater Delhi, a comprehensive survey of the transportation and traffic situation should be carried out by a team of experts.

The mere addition of surface transport vehicles will not solve the problem of additional transport capacity and may, in fact cause, complication while we urge the rapid development of the ring railway with many as radial connections as may be possible, this scheme may not provide the ultimate solution. We have, therefore, emphasized the need for perspective planning of other kinds of rapid transit systems; this should be taken in hand immediately so that a decision can be reached and the land required for the chosen scheme reserved in advance to prevent future complications.

Measures for improving the coverage and turnover of the D.T.U. have been recommended by us in Chapter II. Additional measures, such as the creation of focal points for bus services to minimise route lengths and improve utilisation of crew and vehicles have been suggested. The Master Plan recommendation for the establishment of inter-state bus terminals has been endorsed.

We suggest that the D.T.U. should provide basic amenities to its passengers and crew. A beginning should be made with the focal points recommended by us.

To maximise the use of the existing fleet, we have recommended that D.T.U. should be authorised to carry more standing passengers during peak hours.

Although provision of separate lanes for public transport vehicles may be somewhat difficult in view of the heterogeneous traffic, we recommend that all efforts should be made in this direction.

We have recommended a number of other measures to reduce the unnecessary movement of heavy traffic in congested areas.

For facility of transport operators and the general public, we recommend that all Government offices deal-

ing with transport licensing and control should be one building easily accessible both from old and New Delhi.

We do not recommend subsidising of public transport services to eliminate the bicycle from the Delhi roads. But we suggest that the resources of the D.T.U. should be augmented and the organisation enabled to raise funds in the open market and its securities made negotiable. This will enable the D.T.U. to prepare plans on a long range basis.

The duties of the Police in traffic management and formulation and enforcement of traffic policies have been broadly described.

We consider that modern traffic conditions require a well-equipped agency for enforcement and regulation. We have emphasized that modern aids for improving the flow of traffic and scientific regulatory measures do not reduce in any way the need for effective policing; the presence of uniformed Police Officers on the road is the most effective way of encouraging the good behaviour of road users, and the best deterrent against traffic offences. We consider mobile Police patrols, we trained and directed, a very important adjunct of a modern traffic Police branch.

We have recommended a careful review of the Traffic Police strength but have been unable to make specific proposals for enhancement of the strength. For facility, we have given in Appendices 'F' and 'G' certain statistics and the recommendations of our Subcommittee which went into this matter in detail.

It is not possible to offer to the Traffic Police full transferability to the regular Police branches and therefore, we have recommended that suitable incentives in the form of special pays and allowances and promotion prospects should be built into the terms of service of the Traffic Police.

The conditions at various points of duty should be improved so as to protect Constables from the inclemencies of the Delhi weather.

The principal functions of mobile patrols have been broadly defined.

We consider the use of Traffic Wardens a useful expedient not only for relieving the Traffic Police of certain relatively minor duties but also of bringing forth the cooperation of the public in enforcement measures. We recommend that this system may be introduced on an experimental basis in selected parking areas and at congested points near schools and other educational institutions. For the present, we do not recommend giving power to the Wardens to prosecute offenders or to collect fines.

We have recommended that arrangements be made for the systematic training of the Traffic Police including their refresher and advanced training.



Regulatory measures to improve flow of traffic have already been dealt with in Chapter II. The formulation and implementation of all such measures will depend upon a continuing study of the traffic problem on a scientific basis. In Appendix 'H' we have given an illustrative list of measures for 'time' and (Place) segregation. We have advocated a considerable increase in the installation of automatic traffic lights at intersections.

On busy roads we have recommended the implementation of right-turn and 'U' turn restrictions after careful surveys.

We feel that there is room for frequent review of speed restrictions and for prescribing more rigorous limits in some areas and relaxations in others.

We consider that enforcement of the law and regulatory measures is an aspect of Public education and should be handled as such by the Police. In our view, motoring offences are largely the outcome of ignorance of the principles of road conduct, and if prompt on-the-spot advice is given to the road users in a courteous and considerate manner the lesson of enforcement will have a more lasting effect than by spasmodic checking and prosecution. Subject to this general observation, enforcement of the traffic law and regulatory measures should be vigorous and comprehensive, and deliberate repetitive or vicious violations should not go unpunished.

We have specially noted the congestion and accident hazard resulting from the large bicycle traffic in Delhi. We consider that apart from construction and improvement of cycle tracks, it is necessary to enforce the traffic rules firmly and, after giving due publicity, the police would be justified in carrying out drives for prosecuting offenders.

There is obvious need for streamlining the investigation of road accidents. We recommend the posting of Accident Investigation Squads should be equipped with all necessary scientific aids and should be able to complete the preliminary investigation so as to enable the removal of the vehicles and other impediments within a maximum period of half an hour. It will be necessary to station at least two recovery vehicles in the city for removing obstructions caused by serious collisions.

The time-lag at present in the disposal of cases in courts is quite considerable. Apart from provision of adequate Police staff for the prosecution of cases, we have also suggested a review of the Magistrates' strength in Delhi. In this connection, we have emphasised the importance of the institution of Honorary Magistrates for traffic offences to associate the public in a obstructive way with enforcement. We have suggested that the magistracy should realise the importance of deterrent sentences in cases of deliberate, repetitive or vicious

violations. We are of the view that good results can be expected if most of the enforcement work is dealt with on-the-spot by mobile Magistrates operating with enforcement staff.

We see that the existing procedures for payment of compensation to victims of traffic accidents should be examined so as to speed up the award of compensation. At least for the transport services, including the D.T.U., a system of ad hoc and ex-gratia payment even before the finalisation of wards should be introduced.

We have emphasised that the pedestrians being the most under-privileged of the road users, deserves the fullest sympathy of the Traffic Police who should assist him at all times. At the same time, it is the function of the Police to ensure that pedestrians use the foot-paths and the prescribed crossings and, after due notification, encroachments on the carriage way by pedestrians should be firmly discouraged.

Drivers of hired vehicles appear to show scant regard for traffic regulations. In the interest of the passengers, and of road users generally, we recommend strict control over hired vehicles.

Delhi is very poorly served by traffic signs and slogan boards. We recommend that a drive should be organised to resite and repair the old signs and slogan boards and to place new ones at suitable points. The use of non-standard road signs should be discontinued. We consider it advisable to give the authority for the placement and shifting of signs and slogan boards to the Police who may be given a small budget by the Delhi Corporation and the N.D.M.C. for this purpose. We have recommended in Chapter II that an important streets, the signs and slogan boards should be lift up at night.

We suggest that the recommendations of the Committee on Traffic for Special Occasions appointed by the Home Ministry in 1959, should be implemented where this has not already been done.

We consider that an inspection of vehicles and licensing of drivers have a bearing on road accidents, this work should be transferred from the State Motor Transport Controller to the Traffic police the staff being suitably augmented, wherever necessary.

We consider that there should be provision for calling in for a test any vehicle, which, from the registration documents, seems to have outlived its life, or which has been involved in a major accident.

The tests prescribed for the initial issue of driving licences should be made fairly comprehensive and strict, knowledge of the "highway code" should be thoroughly tested and traffic situations simulated to observe reactions. This policy should be followed even more rigorously in the case of commercial licences. There should also be provision for calling up for a re-test and instruction, drivers should be intensively tested, given

proper instruction and, if necessary, placed on a period of probation. We would not hesitate to recommend very strong measures against drivers who are known to be accident prone, or are consistently inconsiderate to road users and violate traffic regulations. Consumption of alcohol, by drivers, whenever detected, must be dealt with sternly and the licences impounded, or even cancelled. For a proper implementation of this policy, complete Police records about delinquent drivers should be built up and prosecutors should urge courts to endorse driving licences of persons convicted of serious violations.

It seems to us necessary to require the production of a medical certificate at the time of initial issue of a driving licence. If a licence has been endorsed for accidents, or for traffic violations where disregard of signals is alleged, a repeat medical examination should be insisted upon. These provisions are of particular importance for drivers of commercial vehicles, or vehicles plying for hire.

We consider that Government owes it as a duty to prospective drivers to ensure that driving schools which have come up in large numbers, are fully qualified to impart training. The Traffic police should supervise the training schools, or at least, introduce a test for the instructors. Such schools as employ qualified instructors may be permitted to designate themselves as "Approved by the Government."

The consideration of the need for amendment or extension of traffic laws is a continuing duty of the Traffic Police, the Municipal authorities and the proposed Department of Traffic. Certain suggestions for amendments have been given in Appendix 'I'. We recommend that these may be examined in detail by Government and appropriate action initiated.

The question of delegating power to suspend driving licences of persistent or serious defaulters to the Superintendent of Police (Traffic) may be examined by Government after ascertaining the practice in other cities.

We consider that the most important programme of traffic regulation and enforcement is the education of the road users. We recommend an intensive programme for this purpose with the full cooperation of the public, automobile associations, traffic safety associations, transport organisations and drivers' unions. In the schools, the subject should be introduced through selected teachers adequately briefed by the Police and also by selected Police officers themselves. Audiovisual aids like film strips, traffic safety films etc. and the television network of Delhi should be used in an organised manner. Traffic safety weeks should be

observed. It would also be advisable to buy up advertisement space in newspapers and periodicals to educate the public through persuasion and correction with a tactful hint of the strong arm of the law. We believe that the results of a vigorous programme in this direction will achieve quick and lasting results. Incentives for accident-free driving have already been introduced by the D.T.U. and we recommend that similar incentives should be introduced by other transport operators.

It would be a good idea to introduce children to traffic control by allowing them to control traffic and parking near school crossings, and, gradually at other more important points.

### **Organisation, Coordination and Direction**

There are several agencies dealing with various aspects of the traffic and transportation problems of Delhi which are extremely complicated and involve the use of a number of specialist services. It is not possible to bring all such specialist services under one single authority but we consider that the problem of effective coordination between them will govern the totality of traffic regulation and improvements. We are of the view that a Department of Traffic with experienced technical staff with the techniques of planning, effective road circulation, pedestrian control, accident prevention and traffic education and enforcement must be established for Delhi immediately. This agency should make detailed recommendations for policy formulation based on scientific studies of the various aspects of traffic and transportation. The research and studies of the proposed Department of Traffic should be confined to the subjects in which more than one agencies have interests and should work in collaboration with each other, the specialist agency should at the same time continue research and studies in their own spheres. But such research etc. should be coordinated by the Department of Traffic.

The Department of Traffic should be placed in charge of a qualified traffic engineer who is also fully familiar with sociological economics, and the legal and enforcement aspects of traffic. He should be given the assistance of specialists in various fields.

This Department must be directly under the control of Delhi Administration and should be closely linked with the traffic Branch of Delhi Police and the Department of transport. There should be a high level Committee to guide and advise the Department.

We trust that the approach of the Municipal authorities of Delhi to this Department will be one of wholehearted cooperation.

# **STUDY TEAM ON THE POSITION OF GRAM SABHA IN PANCHAYATI RAJ MOVEMENT, 1962—REPORT**

Delhi, Ministry of Community Development & Cooperation,  
1963. 80p. various pages

Chairman : Shri R. R. Diwakar  
Members : Shri R. K. Patil; Shri S. N. Dwivedy;  
Smt. Sarojini Mahishi; Shri J. N. Pahadia;  
Shri S. M. Joshi; Shri Raghubir Sahai;  
Shri G. P. Jain; Shri B. S. Mehta; Shri G.  
Venkatachalapathi; Shri Bhagwant Singh;  
Secretary : Shri S. Das Gupta.

## **APPOINTMENT**

The fifth meeting of the Central Council of Local Self Government held in 1959 recommended that the Gram Sabha should be given statutory recognition and legislation should provide for its participation in the formulation of programmes and the review of progress. This was reiterated by the sixth meeting of the Council held in 1960 and by the Conference of State Ministers of Panchayati Raj held in 1961. Though a number of States have recognised the Gram Sabha statutorily and assigned them certain specific functions, it is yet to develop into an institution capable of exerting its effective influence on the village Panchayat.

The extension of the process of democracy to the people in the real sense should mean that the Panchayat functions as the executive body to give concrete shape to the wishes and aspirations of the village community as represented by the Gram Sabha. The objective of Panchayati Raj is to establish a participating democracy so that at the village level the Gram Sabha, consisting of all adult residents of the village, should not only deliberate, but also participate with its executive, namely, the Gram Panchayat in planning and implementing the various programmes. The mode of achieving this objective requires to be examined.

If decentralisation and the sharing of powers and responsibilities by people's representatives at the various levels are to be real, these powers and responsibilities must be exercised institutionally. In this connection the powers conferred on the Chairman of the Panchayat Samiti and the Sarpanch need to be analysed with a view to providing effective safeguards to ensure that they function institutionally.

These problems precipitated by the working of Panchayati Raj in different States have been exercised the mind of the Government for some time. The Government of India have accordingly decided to set

up a Study Team On the Position of Gram Sabha in Panchayati Raj Movement was constituted under the Ministry of Community Development and Cooperation vide their Resolution No. 4/78/61-Panch dated June 26, 1962.

## **TERMS OF REFERENCE**

- (i) To study the working of the Gram Sabha, Gram Panchayat and the Panchayat Samiti with special reference to :
  - (a) the extent to which the Gram Panchayat is influenced in its policies and decisions by the views and mandate of the Gram Sabha and the extent to which Gram Sabha is involved in the implementation of Programmes.
  - (b) the extent to which the existing powers and functions of Sarpanches of village Panchayats and Pradhans of Panchayat Samiti are consistent with the institutional functioning of the panchayats and Panchayat Samitis.
- (ii) To suggest measures necessary to ensure that :
  - (a) The Gram Sabha is built up as the basis of Panchayati Raj, and
  - (b) Sarpanches (Panchayat Presidents) and Pradhans (Presidents of Panchayat Samities) function institutionally.

## **CONTENTS**

Letter of Transmittal; Introduction; Objectives and Approach; Gram Sabha—its Role; Functions of the Gram Sabha; Gram Sabha, Panchayat Samiti and Zila Parishad; Summary of Main Conclusions and Recommendations; Notes of Dissent and Annexures.

## **RECOMMENDATIONS**

### **Objective And Approach**

To secure development of participating democracy as compared to representative democracy which functions at the level of the higher tiers, should be one of the fundamental objectives of the Panchayati Raj movement. A true participating democracy could however, be effectively promoted only at the level of the lower tiers of Panchayati Raj, that is, at the level of Panchayat and Gram Sabha. The question of bringing Gram Sabha into picture and endowing it with a definite role

and responsibility, therefore, needs serious consideration. Although there are many, who feel that strengthening of Gram Sabha may weaken the Panchayat and the time of endowing it with powers of control over the Panchayat is not yet due. Gram Sabha will have to be gradually brought into picture by assigning to it a definite status, role and set of functions.

The development of the institution of Gram Sabha, however, depends upon the growth and regeneration of the village community; the concept of an integrated village community has not yet taken shape in our country and will be realised, only over a period of time. It will, therefore, taken some time before, the institution of Gram Sabha becomes vocal and effective. The existing role of the Gram Sabha as it is found in some of the States, where it is used as a primary village assembly and offers benefits of consultation and advice and acts as a check and balance over the Panchayat needs to be recognised on a country-wide basis. The Gram Sabha must have, thus, a legal entity, some specific formal functions and a definite relationship with the Panchayat. The full development of the institution of Gram Sabha, as a body to whom the Panchayat will be ultimately responsible, cannot, however, be achieved merely by conferral of statutory powers on it. It is only through constant practice of its immediate role of consultation assigned to it that the Gram Sabha will be able to gather necessary momentum and grow into an effective organisation of the village people.

It is generally agreed that in days to come and in the final pattern of relationship, the Gram Panchayat should be responsible to the Gram Sabha but the question with which we concerned at the moment is whether this relationship should be allowed to develop gradually through a process of convention, or should it be laid down by law as a pattern to be followed immediately by all the States. The issue appears to us to be largely academic, in view of the present development of the institution of Gram Sabha whose meetings are hardly attended by its members and in whose affairs the members show practically no concern. Once the Gram Sabha starts functioning, it is bound to influence the thinking and decisions of the village Panchayat. To make its previous consent necessary for all decisions and actions of the Panchayat, therefore, appears unnecessary and may act as a fetter on some Panchayats.

#### Status and Role of the Gram Sabha

The Gram Sabha should be statutorily recognised in each State and its meetings should be held more frequently, that is at least once in each quarter as against the existing practice of twice a year. The Gram Sabha should consider the following at its meeting :

- (i) Plan and budget of the Panchayat.

- (ii) A note on the Progress of village production plan and its implementation,

- (iii) Six-monthly report on the working of different functional committees,

- (iv) Annual report and accounts of the Panchayat,

- (v) Summary of the annual report of the Panchayat.

- (vi) Summary of the annual report of the Panchayat Samiti.

- (vii) A six-monthly report on the community works under constructions.

- (viii) A quarterly report on utilisation of medium and long-term loans.

- (ix) A review of the working of village Volunteer Force Defence Labour Bank.

In order to strengthen the Gram Sabha, it is, however, necessary to strengthen the Panchayat itself and to enable the two to work out a proper relationship between them. Since Panchayat is the executive of Gram Sabha, strengthening of the executive and defining the role and relationship of the Panchayat and Gram Sabha, will strengthen the Sabha itself. The Panchayat may have, accordingly, the following functions :

- (i) Panchayats should be authorised to deal with matters relating to mutations, allotment of agricultural land, grazing grounds, forest rights of the village, distribution of water for irrigation and such other functions.

- (ii) Lower grade officers at the village level should be guided by the Panchayat.

- (iii) Development departments should not deal with individual villagers except through the Panchayat.

- (iv) Nation-building departments should function in collaboration with the Panchayat, especially at times of village emergency.

We visualise that in the future pattern of growth of the Panchayat, it will develop into a stronger body and even take up functions of control on police and maintenance of law and order.

The Gram Sabha should review the working of the Panchayat in all the above matters, which will now fall within the Jurisdiction of functions of the Panchayat. There shall be a question hour in Gram Sabha meetings when any member would be free to raise questions and seek redress regarding any of the matters mentioned above. Apart from the question hour, our view is that the Panchayat should seek the consensus of Gram Sabha and look forward for the benefit of consulting it in all matters which fall within the scope of functioning of the former. The Panchayat Samiti and the officers of the Block, district and higher levels should, similarly, take the views of the Panchayat into consideration when they organise any activities or take any decision regarding the village concerned. The last two steps would ensure that the Gram Sabha will have opportunities to

have its say in all matters concerning the village.

### Strengthening the Gram Sabha

In order to activate the Gram Sabha, we suggest the following measures :

(i) Gram Sabha meetings should be held in rotation in each of the constituent villagers. The venue in each village should however be common.

(ii) Gram Sabha meetings should be held at a time and in a day when the villagers are not busy in their agricultural operations.

(iii) A recreational programme or film show be organised immediately after the meeting of the Gram Sabha.

### Size And Meetings Of Gram Sabha

Having regard to the considerations of viability and community characteristics, a population of about 400 to 500 should have a Gram Sabha.

In order to enable Gram Sabha to be wisely and a functioning body, it is desired that the Gram Sabha in a big village, with a population exceeding 1,500, should consist of ward-wise Up-Gram Sabhas, which may hold meetings and convey their decisions for consideration of the whole Gram Sabha. In such a village where there will be Up-Gram Sabhas, the meetings of the Gram Sabha in addition to those of Up-Gram Sabhas may be held twice a year, whereas the meetings of the Up-Gram Sabhas be held once in a quarter.

There should be a quorum both for original and adjourned meetings of the Gram Sabha and such quorum in both the cases should be formed by attendance of 10% of adult voters in the Panchayat area. Ten per cent of adult voters should similarly have the power to requisition a meeting of the Gram Sabha.

### Decision Making In Gram Sabha

Decision-Making in Gram Sabha meetings should, as far as possible, be achieved through arriving at consensus. If, however, a decision has to be acquired through voting, two-third majority of the members present should be insisted upon.

### Functional Committees

To realise the objectives of participating democracy in full, the Panchayat should set up a number of functional committees including members of the Gram Sabha on such committees and with a member each of the Panchayat as the convener of each of such committees. Each of these functional committees should be entrusted with the management of one or other of the developmental subjects of the village. The functions of these committees should be mainly advisory, their suggestions and advice being bearded to the Panchayat for neces-

sary action and for being discussed in the Gram Sabha as well.

### Village Production Plans

Where as village production plans should be of main interest to that section of the village population, who own land and participate in cultivation in some way or the other, the Gram Sabha as a whole would be interested in schemes relating to utilisation of surplus labour force and in such matters which ensure more effective coordination between the supply line and their production prerequisites. The Gram Sabha should and thus could, be fully associated with the implementation of village production plans.

In order to make the village production plans simpler and more comprehensible to the villagers, the present practice of having elaborate plans running into several columns of complicated data, may be re-examined and in view of the fact that the village production plans contain today many unnecessary items, it may be revised and that the total requirements of essential supplies of credit, seed and fertilizer required to cultivators may only find place in it. This would make the plan more comprehensible and suitable for discussion in Gram Sabha.

To stimulate production, a few good farmers, who perform essential labour by themselves on their holdings may be selected by the V.L.W. and the production plans of the former vigorously and conscientiously supervised by him; and if this could induce them to follow all the cultural practices, which are today inserted in the village production plans. This would go a long way in securing their adoption by the rest of the cultivators.

The Panchayat should levy a betterment tax for improvements effected through shramdan by members of the whole community, on the assets of particular individuals/sections of the community and which benefit these particular individuals/sections of people. The funds thus realised could be credited to the Defence Labour Bank. This would stimulate those sections of the village community who have no assets to improve, but contribute their labour through shramdan or the Village Volunteer Force.

### Village Volunteer Force

The Village Volunteer Force may form a permanent feature of our rural development activities. The Force should consist of persons between the age of 18 and 45.

The functions of the V.V.F. should be the following :

(i) maintenance of law and order in the Panchayat area.

(ii) Checking spread of rumours.

(iii) Fighting fire and epidemics.

(iv) Offering first-aid and removal of casualties to

hospital.

(v) Discharge of other civic responsibilities e.g., management of fairs.

(vi) Night patrolling and protection of property and life in the Panchayat area.

To secure popular support for the scheme, it would be desirable if the Dalpati is coopted on the Panchayat as a non-voting member.

Organisation of V.V.F. at the village level should be integrated with corresponding organisations at the Block, Tehsil, district, divisional and state levels.

#### **Panchayat And Cooperative**

In addition to one service cooperative in each village, the Panchayat Samiti should organise, in the shape of agro-industrial projects, larger cooperatives catering to the needs of a number of Panchayats, in order to secure fuller employment for the un and under-employed members of the village community as well as for the weaker sections.

All cooperative assistance, other than loans to the individual villagers, should be offered through the Panchayats should take special steps to ensure that the credit and other needs of the weaker sections are adequately attended to.

In order to secure better coordination between the Panchayat and the Cooperative, and especially for securing effective implementation of the village production plans, a member of the Panchayat should be a member of the managing committee of the Local Cooperative Society, without right to vote. Similarly, a member from the Cooperative Managing Committee should be coopted on the Panchayat sub-committee for village production plans.

The Panchayats, wherever they are in a position should subscribe, out of their funds, to the share capital of the cooperatives, so that the former could help to strengthen the cooperative movement of the villages.

#### **Welfare Of Women And Weaker Sections**

In order to secure participation of the women members of the Gram Sabha, it is suggested that (a) two women members should be coopted on the village Panchayat (in case no women members were duly elected) and (b) the issues concerning the women-fold of the village may be discussed in a Mahila Mandal meeting preceding the Gram Sabha meeting, so that the women members could put forward their views in a more effective manner.

While drawing up the Budget, the Panchayat should give special attention to the needs of the scheduled castes/tribes and the Zila Parishad may call for an annual report from all Pradhans in its jurisdiction in order to ensure that the problems of the weaker sections have been effectively dealt with in their respective areas.

The Panchayat should also form a sub-committee to look after the welfare of the scheduled castes/tribes.

It is recommended that at least a member of the scheduled castes/tribes be coopted on the Panchayat Samiti, provided that they form to per cent of the total population of the area and unless a representative of this group has been elected to these bodies through the normal process of election notwithstanding the fact that local M.Ps. and M.L.As. may already be on these bodies as ex-officio members. Subject to the above stipulations, one of the posts of Sarpanch/Up-Sarpanch of the Panchayat, or Pradhan/Up-Pradhan of the Panchayat Samiti should also go to a member of the scheduled castes/tribes.

#### **Executive Assistance For Panchayat And Gram Sabha**

The Panchayat should have the services of a Panchayat Secretary to look after its working. A specific functionary, working at the village level and trained in extension methods for development of Panchayat and Gram Sabha, should also be appointed. There are now a number of functionaries such as the V.L.W Panchayat Secretary and so on, who function at the level of the Panchayat but sometimes have more than one Panchayat to attend to. We feel that the whole question of having a specific village functionary for each Panchayat, who could attend to the working of the Panchayat administration as well as extension activities, should be thoroughly enquired into.

#### **Panchayati Raj Tiers**

The Panchayat should be composed of elected members and all adult members of the area should elect the Sarpanch. The Sarpanch should be the ex-officio member of the Panchayat Samiti. The Panchayat Samiti should thus be composed of all the Sarpanches of the area and a few others elected by an electoral college composed of the Panchas of the area. The total numbership of the Panchayat Samiti. No member, other than those belonging to the scheduled castes/tribes, should, however, be coopted on the Panchayat Samiti, if he had lost any primary elections.

#### **Tenure**

With a view to reduce political favour, which is usually associated with elections, we feel that the Panchayat should be a self-continuing body, one-third of its members (then exact number depending on size of Panchayat) retiring every year. Every Panch, under the scheme, should be hold office for not more than three years as a result of each election, after which he should retire. He may, however, be eligible for re-election but not for more than two consecutive terms, that is, he will not be in office for more than six years at a stretch.

mutations, etc.

### **Institutional Functioning**

The Panchayat should keep its electorates informed of the developments that take place in Panchayat meetings.

One of the ways of securing that the office-bearers of the Panchayat act institutionally is to ensure that their work is regularly supervised. The Zila Parishad and Panchayat Samiti should, therefore, constitute small sub-committees to supervise the working of the Panchayat Samiti/Panchayat, as the case may be, with the special objective of the securing that they function institutionally.

Training programme for the officials should include a particular course each in the manner and method of implementing programmes of guidance and pointing out lapses without causing unnecessary offence. Directions given to tiers on the basis of supervision and guidance should invariably, be by the Head of the higher tiers, in consultation with the sub-committees set up for the purpose.

The Panchayat Samiti may appoint specific functional sub-committees for supervising the work of lower tiers and thereby ensure association of the members of the Panchayat Samiti with the working of the institution. There should be provision for holding a meeting, at

least once in a year, of all the Panchas of the area with a view to secure more effective association of the Panches with the working of the Samiti.

To safeguard against misuse of financial powers of the Sarpanch, it should be made obligatory on his part to inform the members of Panchayat about the condition of the Panchayat funds at each meeting of the Panchayat and what is the balance deposited.

### **Panchayat elections and Political parties**

Elections to the Panchayat should be non-political inasmuch as political parties should be refrain (a) from announcing/nominating candidates (b) allotting party symbols and insignia for different contestants in Panchayati Raj elections.

Those panchayats where elections have been unanimous may be offered inducements in the shape of additional grants either in lump or as recurring measure.

In order to prevail upon the political parties to take a non-political view of the Panchayat elections, we feel that a meeting of all political parties should be convened be some organisation of standing (e.g., All-India Panchayati Raj Parishad) in order to help them to come to an agreed decision that the political parties should not contest Panchayat elections on party basis, so that they may agree so set up candidates who would be elected unanimously.

## **STUDY TEAM ON PANCHAYATI RAJ FINANCES, 1962—REPORT** Delhi, Ministry of Community Development and Cooperation, 1963. 2 parts.

**Chairman :** Shri K. Santhanam

**Members :** Shri Shree Narayan Dass ; Shri M.Y. Ghorpade ; Prof. M. V. Mathur ; Shri C. Narasimhan.

**Secretary :** Shri R. Saran.

### **APPOINTMENT**

The Study Team on Panchayati Raj Finances was constituted under the Ministry of Community Development & Cooperation vide their Resolution No. 4/78/61-Panch, dated July 29, 1962.

### **TERMS OF REFERENCE**

The Study Team will examine, within the broad frame work and provisions of the Third Plan, the resources and finances of Panchayati Raj institution in different States and make recommendations on the following subjects :

(a) With due regard to functions transferred, sources

of revenue (including land revenue) which should be handed over in full or in part to Panchayati Raj institutions and arrangements for earmarking of certain resources for maintenance of services and institution under Panchayati Raj bodies;

(b) Grants by State Governments and the conditions to be attached to such grants,

(c) Mutual financial relations between the Panchayati Raj institutions,

(d) Steps to develop the existing resources and to build up revenue yielding assets or Panchayati Raj institutions; and

(e) Steps to attract gifts and donations and mobilise voluntary contributions by the people.

### **CONTENTS**

**Part I :** Introductory; General Approach ; Structure and Functions; Resources of Panchayats; Expenditure of

Panchayats; Resources Panchayat Samitis; Zila Parishads; Loans to Panchayati Raj Bodies; Budget, Accounts and Audit; general Conclusions; Summary of Recommendations and Suggestions; Annexures I to VIII.

Part II: State and Union territory reports.

## RECOMMENDATIONS

### Section 4 - Resources of Panchayats

House Tax, profession tax and vehicle tax should be compulsory taxes of Panchayats. Minimum and maximum rates of compulsory taxes should be prescribed. House tax may be levied on the basis of capital value of the house. There should be no exemption from the levy of house tax. An independent agency for valuation of houses may be set up. The maximum and minimum rates of house tax based on capital value of houses may be as follows:

(a) On a house of capital value not exceeding Rs. 250. Minimum 25 nP. and Maximum Rs. 1

(b) On a house of capital value ranging from Rs. 251 to Rs. 500. Minimum 50 nP. and Maximum Rs. 2.

(c) On a house of capital value ranging from Rs. 501 to Rs. 1000. Minimum Rs. 1 and Maximum Rs. 5.

(d) On a house of capital value of over Rs. 1000. For every increase of Rs. 500 or part thereof the increase in the minimum and maximum rate to be 50 nP. and Rs. 2.50 respectively.

For town Panchayats, the rates may be higher.

Profession tax should be levied at rates similar to those proposed in the Andhra Pradesh Panchayats Bill 1963. The rate of cycle tax should be fixed by Panchayat Samiti and made uniformly applicable throughout its area. Steps should be taken to see that municipalities within the area of Samiti levy the tax at the same rate.

Vehicle tax should be levied on all vehicles including bicycles. Motor vehicles should continue to be exempted. The minimum rate of vehicle tax should be Rs. 2 per annum, for all vehicle and the maximum Rs. 4 per cycle and Rs. 10 per bullock-cart. The circumstances and property tax imposed by the States of Bihar, Orissa and West Bengal should be split up into its component parts, viz. house tax and land tax, for greater precision, certainty of imposition and ease of collection. Kollagarum, a tax on produce sold in village by weight, measurement or number, may be an optional tax of Panchayats.

The State Governments should consider the possibility of replacing octroi where levied, by other progressive taxes.

Pilgrim tax should preferably be levied by Panchayat

Samiti or Zila Parishad, a part of the proceeds being given to Panchayats in the area of which pilgrim centres are located and the rest utilised for the common benefit of the area of Samiti or of the district. The expenditure incurred in this connection should be shared suitably by concerned Panchayat, Samiti and Zila Parishad.

The State Governments should consider the possibility of providing for levy by Panchayats of a tax on animals.

The levy of fees for water supply, drainage, street lighting and conservancy should be optional. Where water supply, drainage or electric lighting is provided through loans, Panchayat should have the right to charge a fee from beneficiaries. The basis for fixing the rate of such fees may be the amount needed for servicing the loan or for covering the liability incurred in providing the service.

In regard to the levy of licences and fees, the position in each State should be reviewed in the light of levies in different States so as to make the powers of Panchayats as comprehensive as possible.

The expenditure on Naya Panchayats should be met by the Government on the net cost basis, preferably at the Samiti level.

Unless specially exempted, all public land, trees, ponds and tanks with fishery rights therein, unreserved forests, choultries, rest houses and other buildings situated in a Panchayat area and not belonging to a private party should be transferred to that Panchayat.

The proceeds of sale of abadi land should be used only for expenditure which will create permanent assets for Panchayat.

Alienation of immovable property by a Panchayat should be subject to permission or approval of a prescribed authority.

In Panchayats where there are large unassigned areas of cultivable land, a minimum of one cent of land per capita should be given to Panchayat as non-alienable Community property, while the rest may be retained with the Government for future assignment of landless labourers and others.

When there is not enough land available, the State Governments should acquire and hand over to each Panchayat not less than 5 acres to be used as community property for house sites, compost making, tree planting nursery and such other purposes.

Management of fishery ponds, even where fishery rights belong customarily to local communities of fishermen, should vest in Panchayats.

Cattle pounds should be the property of Panchayats, who should be given the right to fix rates for them.

In the case of markets classified as Samiti and Zila Parishad markets, a reasonable share of net income, may one-third, subject to a maximum of one rupee per capita should be given to Panchayats in the area of which fair is



held or market is organised.

The question of sharing the income from markets, organised by Market Committees or Societies, with Panchayati Raj institutions should be carefully examined by the State Governments. Panchayats and Samitis should be allowed to participate actively in the organisation of these markets.

Surcharge on stamp duty not exceeding 5 per cent of the value of property should be levied and collected by State Government. The proceeds within the area of a Samiti should be distributed in an equitable manner among that Samiti and its Panchayats.

The whole or a part of entertainment tax collected by State in rural areas should be shared with Panchayats and Samitis. Panchayats and Samitis may levy a show tax in addition.

The State assistance, if any, for the whole or part of the salary of Secretary of Panchayat should be in the form of purposive grant. Secretary should be paid directly Panchayat.

The Governments, who derive income from the sale of Kendu leaf, may consider the desirability of sharing this income with Panchayats or Samitis.

The entire tax demand of a Panchayat, excluding arrears, may be taken as the basis for matching grant and, if collection of 75 per cent is made in a year an amount equal to 15 per cent of such collection should be given as matching grant which should increase at least by one per cent for every additional five per cent collection.

The matching grant for panchayats in backward areas should be on more liberal basis.

A basic minimum maintenance grant of Re. 1 per capita should be given to every Panchayat and this should be shared equally by State and Central Governments.

For executing specific development projects, panchayats should have powers to levy special tax on land revenue house tax, or on some other basis.

In case voluntary contribution in cash or labour is insufficient to execute a development project, recourse may be had to labour tax, Defence Labour Bank or special levy payable in cash or labour. Voluntary contribution may be adjusted against these levies.

#### **Expenditure Of Panchayats**

The expenditure on administration should not ordinarily exceed 25 per cent of the total income of a Panchayat.

Wherever revenue authorities feel confident and Panchayats agree, the work of revenue collection may be transferred to Panchayats.

Every Panchayat should have a Secretary who may perform also the duties of collection of land revenue and

Panchayat taxes or that the Village Level Worker but a VLW should not be given the task of revenue and tax collection.

An over-head tank, a pipe line and taps for water supply at convenient centres should be an objective of all Panchayats.

Every Panchayat, which can afford, should engage one or more sweepers. Street sweepings, should, as far as possible, be converted into compost. Special attention should be paid to the maintenance of village road. Special assistance, a part of which may be in the form of loan, should be given to Panchayats in areas which are badly in need of drainage facilities.

Electrification of villages should be speeded up.

Community broadcasting in the villages may be universalised and a proper maintenance organisation established for servicing community listening sets.

Where Panchayat has funds, a portion may be earmarked for construction of Panchayat building.

Where a development project common to several Panchayats and accepted by a majority of them is held up for want of voluntary contributions from a few Panchayats, Panchayat Samiti concerned should be able to endorse a special levy on recalcitrant Panchayats.

The procedure followed in Madras of pooling all grants under the community development schematic budget and those from State Departments and of evolving a development schematic budget for Samiti may be examined by all other State Governments. The Government of India should encourage the States to adopt the procedure.

An annual average per capita grant of Re. 1 should be made to each Samiti to be shared equally by the State and Central Government and to be earmarked for maintenance of staff on an agreed pattern. The Centre's share of the grant may be met by suitable adjustments within grants now being made by it.

To enable Samitis to participate in the evolution of the Fourth Plan, the Central and State Government may intimate to them in advance the minimum and maximum financial limits that can be made available to them by way of grants and loans.

In the implementation of the plan, limitations imposed on Samitis should be in terms of broad categories like education, health, roads, etc. and so long as they conform to national pattern, the Samitis should have freedom to readjust the plan in the light of actual experience and the changing needs of the people.

An amount of Rs. 400 crores @ Rs. 10 per capita of rural population should be allotted in the Fourth Plan for unspecified local development works to be given on a matching basis.

Elementary education, a natural and essential function of the Panchayat Raj, should be transferred to

Samiti or Zila Parishad. Its actual day to day management may vest in a Board set up by Samiti or Zila Parishad in which not only members of that body but also others with special knowledge and experience in the proper development of education should find a place.

The entire expenditure on elementary education should be met out of grants and resources transferred specially for the purpose by the State Government.

Every Samiti should have some additional funds at its disposal for initiative in effecting educational improvements.

Not more than half the proceeds of resources transferred to Samitis, like share of land revenue of cess, stamp duty, entertainment tax, etc. should be earmarked for committee expenditure on schemes and institutions transferred to them and the balance of such expenditure should be financed by the State partly by general and partly by specific grants.

Grants for maintenance of roads may be on the basis of mileage and those for repair and maintenance of irrigation sources, on the basis of acreage irrigated.

There should be no confusion and overlapping in the taxation powers of Panchayat Samiti and Zila Parishad.

Contributions from Panchayats should be shown on the receipt side of the budget of every Samiti and the total expenditure on works belonging to the Samiti shown on the opposite side.

The salaries and allowances of all staff working under Samiti should be paid from its funds and shown in its accounts.

A Samiti should be free to add to the strength of its staff so long as it is able to meet the expenditure from the one rupee per capital grant and its own resources.

Where it is too big to be managed by Panchayats, Samitis should be entrusted with the management of fairs, markets, ghats and ferries, tanks and plantations and share the proceeds with Panchayats where these are located or organised.

Every Service or institution serving exclusively the area of a Samiti and being its legitimate function should be transferred to it.

#### Section 7-Zila Parishads

It is necessary to transfer some more elastic sources to Zila Parishad in Maharashtra so that it can be an effective organ of local Government at the district level. Even a purely Advisory District Council can render useful service if the matters on which it should be consulted are listed with imagination and precession and a convention established for modification or rejection of its recommendation only by the State Cabinet.

There should be definite principles and criteria for distribution of funds to Samitis through Zila Parishads.

Where the distribution is more or less automatic, the funds may be sent directly to Samitis or Panchayats concerned without being channeled through Zila Parishads.

The rights and duties of Zila Parishads, Samitis and Panchayats in any particular sphere of activity should be precise and beyond dispute. Zila Parishad or Samiti should not be empowered to levy contributions from body belonging to a lower tier, except for executing development projects in the area of that body. The salaries of all staff working under a Zila Parishad should be paid from the Zila Parishad's funds.

#### Section 8-Loans To Panchayati Raj Bodies

Every State Government should establish a Panchayati Raj Finance Corporation. State Governments should fix the authorised capital subject to a minimum of one crore of rupees and maximum of 5 crores of rupees.

Its authorised capital should be divided into fully paid up shares of Rs. 100 each to be issued among Panchayati Raj institutions, State Government, Central Reserve Bank of India, Life Insurance Corporation, Cooperative Banks, Scheduled Banks, Insurance Companies and other financial institutions.

The corporation may give loan to Panchayat, Samiti or Zila Parishad for public utility undertakings; construction of shops, markets, hotels, etc. purchase of tractors, pumping sets and bore well units; plantation and afforestation; scientific agriculture and small-scale and medium industries.

The corporation may give loan to Panchayati Raj institutions seeking loans on the financial, technical and other aspects of the projected undertakings.

#### Section 9-Budget, Accounts And Audit

For inclusion in the budget of a Panchayati Raj institution the items of assistance which depend on actual receipts of a tax, fee, etc., should be calculated by the State Government on the basis of the actual collections of the first half and the estimated collection of the second half of the year preceding the budget year. These amounts should be intimated to the Panchayati Raj institutions well in advance of the time fixed for preparation of their budgets.

The State Governments should make special efforts to arrive at decisions on the schemes to be executed by Panchayati Raj institutions and the amounts to be given to them for the purpose by way of grant and loans and to intimate the same to the institutions concerned well in advance of the preparation of the budgets.

The Panchayats and Samitis should make provision in their budgets only for such taxes as are to be actually levied in the budget year, and the proceeds from which can be reasonably estimated.

Samiti should adopt the practice of deciding upon schemes to be executed through Panchayats at least six months in advance of the budget year. A suitable penalty, say of 10 per cent, may be levied on all arrears of taxes and this penalty utilised by the revenue authorities or Samitis for appointing special staff for collection of arrears.

Generous prizes may be offered to Panchayats which collect hundred per cent of their assessment.

Wherever Samiti is required to approve the budgets of its Panchayats, the power should be delegated to its Finance Committee.

The form of Panchayat accounts should be simple and should indicate independently the normal recurring reception one side and the committed expenditure on the other. Special grants, contribution its own contribution and loans, for development projects should be special grants, contributions, its own matching contribution and loans, for development projects should be separately shown on the receipt side and expenditure on development works either is own or of Samiti, should be shown on the expenditure side.

The budget of Samiti should reflect all receipts and expenditure, whether of the community development programme, its own resources, grants from development departments, contributions from Panchayats, or loans raised by it. The expenditure should include the salaries of all staff even if they are paid directly by Government. The payment by Government for this purpose should be shown as receipt. Grants to panchayats by Samiti for their works, like drinking water supply or Panchayat roads, should be shown separately.

Samiti should show in some manner or the other the cumulative value of all permanent assets created either through grants, contributions, loans, or its own resources.

Wherever a public utility or remunerative undertaking has been financed by loans, proper commercial accounts should be maintained.

Every Panchayat should be inspected at least once in three months by Panchayat Extension Officer to ensure that there is no misappropriation or falsification of accounts.

A weekly statement of receipts and expenditure should be sent by each Panchayat to its Samiti office where it should be scheduled or Cooperative Bank or Post Office Savings Bank and money for expenses drawn strictly according to rules and procedures.

Panchayats should not be encouraged to make long-term investments merely for earning interest, but, should be persuaded to use their balances for constructive purposes including development of remunerative undertakings.

A special branch in the office of the Examiner of

Local Fund Audit should be organised in each State to carry-out regularly the audit of the accounts of Panchayati Raj institutions.

It should be impressed upon Panchayats, and Samitis that defects pointed out by auditors should be promptly remedial and satisfactory explanation offered to meet the audit objection.

A special meeting of Panchayat/Samiti should be held for consideration of the audit report within 30 days of its receipt, and the result of discussion should be sent to supervising authority.

#### Section 10-General

As frequent changes in their structure, functions, and resources will prevent Panchayati Raj bodies from taking root and will create around them an atmosphere of uncertainty, revision of laws and rules should be undertaken only after sufficient experience of their working has been gained.

The salaries, allowances and other conditions of service of the employees of Panchayati Raj bodies should as far as possible be the same as those of State Government employees of similar categories.

Training in budgetary and accounting procedure should be particularly emphasized in the case of Panchayat Extension Officers and Secretaries.

In order to facilitate the work of Panchayati Raj Finances Corporation, there should be an institute in each state to study the scope of remunerative undertakings in particular areas and to undertake pilot project. It is desirable that it should have wings for evaluation and studies relating to Panchayati Raj.

All high schools should provide for teaching about Panchayati Raj and this should be supplemented by periodic voluntary service camps of boy scouts, National Cadet Corps, etc. In colleges and Universities, the study of problems relating to Panchayati Raj should be encouraged by making it a special subject or an integral part of social science.

All grants and subventions, including specific and purposive departmental grants, may be pooled at the State level and disbursed in a consolidated form to various Panchayati Raj institutions.

A High level officer should, at least in bigger States, be exclusively in charge of financial matters concerning Panchayati Raj bodies. Ministers in charge of Panchayati Raj should devote special attention to the development of cordial relations between the departmental officers and Panchayati Raj bodies.

Samitis, Zila Parishads and State Governments should prepare annually consolidated statements of income and expenditure of the institutions under them. The consolidated statements for all the tiers at the State level should be published and presented to State Legis-

lature every year.

The Ministry of Community Development and co-operation should prepare consolidated statements for the country as a whole and publish them with Statewise tables of income and expenditure.

Panchayats and Samitis may be classified into three or four groups according to their capacity to raise resources to ensure that proportionately greater assistance is given to poorer categories.

As the three tier system may not be quite suitable in peculiar circumstances of backward area, particularly hilly tracts inhabited by scheduled tribes, special institutions and procedures may be devised for them.

The State Governments may consider the possibility of sharing the income from forests, quarrying and mineral royalties with Panchayats which have very little agricultural land and consequently insignificant land revenue. All donations for purposes such as those of National Defence Fund and expenditure on receptions and ceremonial occasions, in excess of a small minimum, should be prohibited.

Special attempts should be made to assist Panchayats in overcoming difficulties to obtain title or possession of land and property transferred to them by Acts or rules and orders made under them. When they get involved in litigation, legal advice and financial assistance should also be extended to them. The authorities concerned

should give preference to Panchayat in its corporate capacity, for agencies in respect of National Savings Scheme and Life Insurance Corporation.

Help to the disabled and destitutes should be given by Government through Panchayati Raj institutions which should also share the burden to some extent, wherever possible.

Panchayats should endeavour to attract gifts and donations.

It may be worth while considering whether some degree of uniformity should be attempted in the nomenclature of Panchayati Raj institutions and their presiding officers to avoid confusion in inter-state comparisons and all India reports.

When Panchayati Raj institutions have come to be firmly established in all states, the problems of mutual cooperation between Panchayati Raj bodies and cooperative may be re-examined by representatives of both sides.

### Section 11-Conclusion

After Panchayati Raj bodies have functioned for some years, there should be enquiries at State level on a uniform basis, by agreement among State Government, to review their resources and finances. This should be followed by an enquiry for the whole country instituted by the Government of India.

## WORKING GROUP ON PLANTATIONS LABOUR HOUSING, 1962—REPORT

Delhi, Manager of Publications, 1964. 113p.

Chairman : Shri N. N. Chatterjee.

Members : Shri K. N. Valenkar ; Shri A. S. Bam or Alternately Shri W. Simpson ; (left and replaced by Shri K.M. Kidwai) ; Shri S.S.B. Raghavan ; Shri Gurudev Saran ; (left and replaced by Shri G.S. Bhasin ; Shri B. Krishnamurti ; (replaced by Shri M.K. Kochar).

### APPOINTMENT

The Ministry of Labour and Employment according by issued orders setting up the Working Group on Plantation Labour Housing Vide their Letter No. PL-15 (8)/60 dated August 5, 1962.

### TERMS OF REFERENCE

(a) To assess the total cost of provision of houses of

approved standards for plantation workers and their families not yet provided with such houses and the resources available to employers for this purpose including loan facilities under the Plantation Labour Housing Scheme and those provided by banks.

(b) To suggest how the existing loan facilities may be improved, whether further facilities for loans should be provided, and whether loans can be had from the Life Insurance Corporation for construction of workers houses under the Plantation Labour Act.

(c) To recommend whether, in addition to loans, assistance by way of subsidies should be provided by Government and if so, how and to what extent such assistance should be given.

(d) To consider whether the entire cost of construction of worker's houses could be charged to the revenue account so that 100 per cent development rebate would

be allowable to employers for purposes of income tax without affecting the profits for disbursement of bonus to plantation workers.

(c) To examine whether the annual rate of construction of worker's houses prescribed in the Plantation Labour Rules should be modified; and

(f) To make any other suggestion for completion of the housing programme for plantation workers within a reasonable time.

## CONTENTS

Introductory; Assessment of the total Cost of Provision of Labour Housing Resources available to the Employers; Financial Assistance for Labour Housing; Request of Plantation Industry for grant of 100 per cent Rebate for Income tax in respect of Expenditure Incurred on Construction of Houses for Labour; Whether the Annual rate of Construction of Houses for Plantation Labour as Prescribed under the Plantation Labour Rules should be Modified; Housing Cooperatives of Workers; Construction of Housing Colonies by Government; Standards and Specifications for Worker's Houses in Plantations; Summary of Conclusions and Recommendations; Appendices from I to XV.

## RECOMMENDATIONS

The financial burden on the plantation industry has increase considerably since the target for construction of houses for 8 per cent of the resident workers per annum was laid down in 1950 on account of additional taxation, increase in wages & fringe benefits and increased cost of construction of labour Housing.

Against a total number of 4,51,670 houses required to be constructed only 2,40,329 houses of the approved standard were in existence on the 31st Dec, 1962. According to the present cost of construction per unit in the various States, a capital of about 87.66 crores would be required to complete the housing programme.

The position regarding finances available to the plantation industry from within their own resources, cannot be generalised. The financial condition of the industry differs not only from State to State but also from one area of another in the same State and from one plantation to another plantation in the same area.

No appreciable impact can be made in the speeding up of the housing programme by diversion of reserve funds to the construction of houses.

In certain cases, there is room for curtailment of expenditure on overhead charges by decreasing the remuneration paid to the Managing Agents and Secretaries by abolishing or restricting the commission paid to managers etc. and by rationalising the salary structure of the managerial cadre.

There is a prima facie case for rationalising the

existing high rates of dividend paid by certain companies so as to provide more funds for labour housing while ensuring a fair return to share holders.

A reasonable balance should be maintained between expending of money on developmental charges and on labour housing and neither of the two should take precedence over the other.

The State Governments should on the analogy of the practice followed by the government of the West Bengal, accept bank guarantees from planters, as security for repayment of loans under the plantation Labour Housing Scheme.

On the analogy of action taken by the Government of West Bengal, the State Governments should draw on the loan facilities available from the funds of the Life Insurance Corporation for providing financial assistance to needy planters.

Some units of the plantation industry are definitely in need of financial assistance if they are to fulfil the housing programme according to the target of construction of houses at the rate of 8 per cent of resident workers per annum.

Efforts should be made to ensure that the 8 per cent target is adhered to as far as possible.

Early action is called for on the part of the State Government concerned in regard to the creation of the Pool Guarantee Fund.

Where there is a recognised building programme & where the plot numbers upon which houses are to be built can be identified it should not be difficult for the bank to agree in writing that the particular plots not with standing the hypothecation on the estates as a whole, would be excluded, so that the plots may be mortgaged together with the houses built thereon as security for repayment of loans under the Plantation Labour Housing Scheme.

Administrative delays in sanctioning loans should be avoided and the amounts sanctioned made available as expeditiously as possible.

It is necessary to provide assistance in the form of subsidy to the plantation industry as in the case of other Industries. The plantation labour Housing scheme, may be modified to provide for grant of subsidy to the extent of 25 per cent of the cost and the grant of loans to the extent of 50 per cent of the cost, on the lines of the subsidised Industrial housing scheme.

The panchayats should not levy house tax on houses constructed under plantations Labour Act 1951 as these houses are rent free and the panchayats do not provide the civic amenities normally expected of them in plantation areas.

The State Governments should not revise the standards and specifications for construction of worker's Houses in way that will increase the cost of construction considerably. The Group commends for the considera-

tion of State Governments that houses once built according to specifications should continue to be treated as "standard" houses for the rest of their life.

There is a very strong case for providing some relief to the plantation Indu try by allowing them higher rates of depreciation allowance than are admissible at present, in respect of expenditure incurred on provision of houses constructed according to approved standards for labour. The rate of depreciation allowance should be correlated to the type of houses constructed so that the amortization period coincides with the life of houses. The following rates of depreciation allowance should be adopted.

(a) Pucca type :—No change in the existing rate ; viz. Normal depreciation allowance of 7.5 per cent per annum plus a special depreciation allowance of 20 per cent during the first year.

(b) Semi-pucca type :—Normal rate of depreciation allowance of 7.5 per cent per annum should continue, but special depreciation allowance during the 1st year should be raised from 20 per cent to 40 per cent.

(c) Kutchia type :—Normal annual depreciation allowance should be 25 per cent per annum and special depreciation allowance during the 1st year should be 40 per cent.

The concession to charge the expenditure to revenue should be allowed in cases of renewal of all kutchia type houses conforming to the approved standards.

The grant of income tax rebate at higher rates as suggested above should not affect in any manner the quantum of bonus payable to plantation labour.

All State Governments should allow rebate for assessments of agriculture on income-tax on the same rates as have been recommended in Item 18 above of for purposes of assessing central Income tax.

There is no justification for a general whole sale reduction in the existing target for construction of worker's houses at the rate of 8 per cent per annum. Specific cases should be considered by State Governments on merits & exemption from the fulfillment of the housing target for particular years sanctioned by them.

Cases of exemptions should be dealt with expeditiously and State Govts. should provide adequate staff to deal with these cases.

If in a particular year, the housing programme can't be proceeded with according to the fixed target due to the shortage of building materials or similar other reasons, the estates should set aside an appropriate amount out of their net profits for the year for being expended position of availability of building materials improves.

Construction of houses by housing co-operatives outside plantations ; worker's cooperatives may be tried out only where suitable location is available.

Govt. may either acquire suitable land for this purpose and give it to workers' cooperatives or help them in getting suitable land. Assistance as is available under the subsidised Industrial Housing Scheme to workers' co-operatives may be provided.

Construction of houses by workers' cooperatives inside plantations. It may be possible to acquire suitable land at the outer periphery of some plantations where an approach road may be available. In such cases, the planters will not be put to any trouble. They may also have no objection to the occupation of the house by a family even after the retirement of a worker provided at least one member of the family continues to work in the plantation. The pattern of assistance to be provided to the co-operatives may be as follows :

(i) The land on which houses are to be constructed should be made available by the planters on a long term lease basis with a provision for renewal of these.

(ii) The planters should subsidise 50 per cent of the cost of houses and services. Once the houses are constructed, the entire expenditure on their maintenance and repairs will be the responsibility of co-operatives of workers.

(iii) The remaining 50 per cent of the cost should be met by grant of loans & subsidies and share capital raised by the society.

The main test for setting up a new agency to provide the various welfare facilities including housing facilities to plantation workers will be whether this will result in speedier implementation of the welfare provisions of this Act. As this can't be ensured, acceptance of the proposals for construction of workers' houses and provision of other facilities by a Govt. agency which will also be more costly is not recommended.

Govt. should have power to construct houses & realise costs where employers fail to provide housing accommodation as prescribed under the Rules, unless such failure is for reasons beyond their control.

Small estates which are contiguous may be allowed to set up housing colonies on a joint basis, wherever feasible, so as to have a layout plan for the colony & to provide common services like drinking water etc. at less cost.

As the 8% formula has to be applied, Assam Govt. should hold in obedience the new standards prescribed untill the finance position of the tea Industry demonstratively improves. If Assam Govt. can't keep the revised standards in obedience, the following steps are suggested.

(i) They should not declare houses constructed under the standards prescribed before Feb., 1963 as sub-standard, calling for remodelling of existing houses.

(ii) The tea gardens should have a discretion to construct kutchia or semi-pucca houses only on revised

standards (which no doubt, would be constlier in the long run, but would not entail heavy investment initially).

(iii) Assam Govt. should be prepared to offer the tea gardens a subsidy over & above the form of assistance recommended by the working group to make up for the difference in outlay caused by their revision of standards.

The working group recommends the design produced by the Indian Tea Association for the consideration of State Govt. in the Eastern Region. The Group would not like to indicate any minimum all-India standard as there are enormous local variation in climate, environments housing requirements etc.

As local housing conditions vary from State to State,

the working group considers that the State Govt. are in a better position to decide about the standards & specifications for workers' houses.

If sufficient supply of building materials like cement etc. is not available, the State Govt. may consider relaxation of the standards & specifications in suitable cases, to enable the employers to make a more liberal use of locally available material for construction of semi-pucca or kutchha houses of improved design.

Suitable arrangements should also be made for the supply of requisite quantities of building materials to planters. For this purpose the planters should draw up a forward programme of their requirements where it is not being done at present.

## SECOND WORKING GROUP ON INDUSTRIAL COOPERATIVES 1962—REPORT,

Delhi, Manager of Publications, 1964. 236p.

**Chairman :** Shri B.P. Patel ;

**Members :** Shri K.V. Venkatachalam ; Shri M.P. Bhargava ; Shri Brahm Prakash ; Shri D.A. Shah ; Shri V. Sivaraman ; (replaced by Shri P.D. Kasbekar) ; Shri M.L. Batra ; Shri M. Gandharva Sain ; Shri F.N. Rana ; Shri S.R. Varma ; (resigned replaced by Shri B.K. Chatterjee) ; Shri P. Sabanayagam ; Shri Tarapado Chaudhary (expired and replaced by Shri Nagendra Kumar Bhattacharyya).

**Member-**

**Secretary :** Shri L.N. Renu

### APPOINTMENT

The Second Working Group on Industrial Cooperatives was constituted under the Ministry of Commerce and Industry in Consultation with the Planning Commission and the Ministry of Community Development vide Memorandum No. 9 (25) 62-I CC dated September, 1962, to review the present position of Industrial cooperatives recommend special programmes and physical targets during the third plan and indicate the lines of development Industrial cooperatives in the Fourth Plan.

### TERMS OF REFERENCE

(i) To review the present position of industrial cooperatives,

(ii) To recommend specific programmes and physical targets for the organisation of cooperatives during the Third Five Year Plan period and to make recommendations for allocating to cooperatives a certain position of the funds provided for the entire sector;

(iii) To suggest patterns of financial assistance from the Government,

(iv) To assess financial requirements of cooperatives at various levels and suggest ways and means of meeting them ; and

(v) To indicate the lines of development of industrial cooperatives in the Fourth Plan.

### CONTENTS

Introduction; Present Position of Industrial Cooperatives; Third Five Year Plan; Pattern of Government Assistance; Institutional Finance; Fourth Plan; Conclusions; Summary of Recommendations; Appendices; Statements; Explanatory Notes on Societies of Small Industrialists.

### RECOMMENDATIONS

1. (i) Amongst the industrial societies there are those that undertake production and others that only provide to their members. They are organised in most cases on a single industry basis and in special cases on a multi-industry basis. Among the production type there are workshops set up by workers in special trades. In

order to distinguish them from industrial cooperatives of other types these societies may be called "workshop cooperatives."

(ii) There is another type of production society where members continue to work in their cottages or original workshops but the society takes the risk of production.

(iii) There are societies which offer services to their members by supplying raw materials, tools and equipment, selling their products or providing credit or other facilities. These may be called "industrial service societies."

2. (i) The aim should be to bring about 30% of the working in household industries under cooperative organisation by the end of the Third Plan. This would mean an upward revision of the existing programme to about 15,000 new industrial cooperatives and in addition of 15 lakh members. The target for working capital will be Rs. 300 per individual member i.e. Rs. 120 crores (an addition of Rs. 67 crores during the Plan) and for paid up capital of an additional amount of Rs. 20 crores. The borrowing of these societies from the government would be Rs. 25.92 crores including the amount passed through the Khadi & Village Industries Commission, from cooperative banks Rs. 26.65 crores and from co-op the state financial corporations, the Industrial Finance Corporation, the Life Insurance Corporation and other sources Rs. 23.43 crores. Of the plan provision under the head "village and small industries" Rs. 84 crores may be utilised towards development of cooperative societies, of which Rs. 46 crores would be by way of government loans to societies, their members and banks and by way of share participation. Share capital loans and share participation by Government may account for Rs. 16.01 crores, government loan of or working capital, equipment and other purposes to the societies Rs. 19.49 crores and government loan to the banks for being advanced to industrial cooperative societies Rs. 10 crores.

(ii) We hope that sales machinery of weavers' societies will be geared up to attain a turn-over of three times their working capital by 1966.

(iii) Separate provisions for handicraft cooperatives should be made by those states which have not already done so and the provisions suitably stepped up by all states to reach a target of 50% of the Third Plan provisions for handicrafts.

(iv) We recommend that 25% i.e. Rs. 11.1 crores of the small scale industries provision in the State Plans should be utilised for the development of industrial cooperative societies. Some states have laid down targets for the development of societies in this group. Others may also do so.

3. Coir co-operatives should be encouraged to purchase raw husk, undertake its retting and sell retted husk to members in addition to their usual activities of sale of

yarn and their finished products of their members. The cooperative banks should be agreeable to advance loans to those societies against the security of husks in the process of retting, subject to such safeguards as may be necessary in practice to protect their interests.

4. Along with the necessity of paying due attention to the formation of workers cooperatives, the need for the organisation of societies of craftsman and small manufacturers cannot be ignored. It is expected that a substantial number of such societies would be organised during the Third Plan in the field of handicrafts, coir and small scale industries on an industry-wise basis. This would include societies of (i) artisans (ii) master craftsmen and (iii) small industrialists. A distinction will be necessary in regard to the nature and quantum of assistance that would be provided to the 3 categories of societies, care being taken to see that special assistance meant for the societies consisting of workers and artisans is not utilized by the societies formed by the well-to-do master craftsmen and industrialists.

5. The scheme for utilizing the services of urban cooperative banks be reconsidered and a revised scheme worked out for utilising the agency of new or existing urban cooperative banks for industrial loans on a pilot scale. Upto six such banks may be selected/organised in each state in towns which have not got facilities of industrial cooperative banks of the mixed type. A bank selected under the scheme should have a minimum paid up capital of Rs. 50,000. Government should assist those banks whose capital is below this figure by meeting the difference by share participation. The guarantee referred to in paragraph 126 should be extended to these banks. They should be given managerial grants by the Government to enable them to appoint a special deputy manager, an accountant and an inspector for industrial work. Where it is intended to assist them with government funds, these should be made available through central financing agencies and not directly. The latter should make the required funds available to them at a rate not higher than the Reserve Bank of India rate viz four and a half per cent. Loans should be made available by these banks to their members at a rate of interest not much above that charged by the State Bank of India i.e. at about six and half per cent. A subsidy of 3 to three and a half per cent be paid by government on funds advanced by the central financing agencies to urban banks for industrial purposes. Where the margin of 2% or so available to urban banks is found to be inadequate, the central financing agencies may consider the granting of a more favourable rate than four and a half per cent or the urban cooperative banks may be permitted to charge a somewhat higher rate of interest to the borrowing units. In areas where selection cannot be made out of the



existing urban cooperative banks, new banks may be organised for the purpose. The results of the pilot experiment may be reviewed at the end of 3 years.

6. The agricultural primary credit societies should be made aware of their responsibility to finance village craftsmen and should be encouraged to pay due attention to their needs.

7. The supply and sales societies would be well advised to appoint experienced salesmen for canvassing and booking orders. It would be easier to deal with wholesalers and exporters if the societies set up an agency for collecting information on the products in demand and on the market trends so that they could forewarn their members. They should develop ancillary production by booking orders with larger industrial concerns for manufacture of components and parts and undertake job orders on behalf of their members. These societies should continue to adjust their prices according to the market trend even when market prices decline to a rate lower than that at which the society purchased its stock.

8. Cooperative societies can maintain an accounts unit to keep the accounts of members and fill in the numerous forms required under different Acts and prepare the tax returns for them on payment of a regular fee.

9. The possibility and utility of organising cooperative credit guarantee organisations need to be explored.

10. (i) It is advisable to encourage the members of production and sales societies to contribute to the working funds and to share as much risk as possible for wastage etc. in manufacture of goods.

(ii) A voluntary quantity control should be introduced by common facility workshops as well as other societies that undertake production either in their own or the members workshops.

(iii) These societies should create a provident fund for the workers in their workshops and a depreciation fund for the replacement of worn out machinery.

(iv) They should observe the conditions laid down under the Factories Act and other labour legislation.

(v) Wages in the production societies should be paid on a piece rate basis as far as possible. These should not be higher than those prevailing in similar factories.

(vi) Special emphasis should be laid on periodical cost accounting to keep an eye on sale price and profits.

(vii) These and other societies should ensure that the credit facilities allowed to them by suppliers do not increase their liabilities beyond reasonable limits and timely payments are made.

(viii) As far as credit sales are concerned, the societies should include in their supply vouchers, the terms of credit and the rate of interest chargeable in case of delayed payment.

11. For the orderly growth of industrial cooperatives, it is essential that the authorities concerned with the organisation and registration of new societies discuss with the promoters the prospects of the proposed co-operative becoming a viable unit in terms of the government policy for the industry concerned within a reasonable period of time. The scale of operations of a society has to be at least as much as will provide it with a net income sufficient to meet overhead costs. From this point of view it becomes necessary to ensure before hand that the society will have adequate as well as dependable membership. Model schemes which would indicate in broad terms some of the minimum pre-conditions of viability should be worked out for the more important among the traditional household type of industries in which the industrial co-operatives are expected to play a significant role.

12. (i) Federations of industrial cooperatives may be set up at important marketing centre on a single of multi-Industry basis, according to local circumstances provided a need is felt by the primary cooperative for arranging supply, sales, common work shop facilities or other services.

(ii) At the state level there should be at least one industrial cooperative federation. While separate state level federations may be organised for these industries in which it is possible to run the economically, multi-industry federations are required to serve other industries and such federations may be organised in those states which this has not been done.

(iii) Possibilities of handloom federation selling the products of handicraft cooperatives deserve serious consideration.

(iv) There is a need for a separate all India federation of Coir cooperatives that can undertake export of products of coir cooperatives and develop domestic market.

(v) As the number of KVI cooperatives increases, it may be possible to form state Khadi and village cooperative federations in some States.

(vi) There is a need to organise a National Federation of industrial cooperatives whose membership may extend to the all India federations organised on a single industry basis as well as the apex industrial cooperative bodies.

13. (i) An experiment be tried of organising special training of member and directors of industrial cooperatives by the committee for Corporation Training of the National Cooperative Union of India.

(ii) We would suggest the organisation of special orientation courses of 2 to 3 weeks duration for those Industries officers who are in charge of providing technical, financial and other facilities, supplies of controlled materials, issue of essentiality certificate

for import licences, recommending units for government stores purchases and for hire purchase of machinery.

14. Data on all cooperatives in each state should be available with a single agency. We recommend preparation of a standard classification of industries, introduction of standard forms for collection of data and fixation of responsibility of compilation and supply of data on a statistical cell in the Cooperative Department, even in those states where industrial cooperatives are under the directorate of industries or any other department. Statistics should be published on cooperatives in important industries and the Reserve Bank of India may examine the inclusion in the statistical statement of items mentioned in this Report.

15. (i) Standing Advisory Committees for Cooperatives should be appointed by the Central silk Board, the Coir Board and the Small Scale Industries Board.

(ii) Selected officers of the Small Industries Service Institute, the National Small Industries Corporation and different boards should be trained in industrial cooperation so that pointed attention could be paid by them to the promotion of this sector.

(iii) It would be necessary to have in the Ministry of Commerce & Industry a stronger organisation which could study the different problems of the industrial co-operative and pursue with the State governments more vigorously the introduction and implementation of the programmes for industrial cooperatives. The various recommendations in the report require sustained action on the part of an officer higher in status than a Director at the centre. The Ministry of Commerce and Industry's original proposal to have a commissioner for Industrial Cooperatives supported by adequate staff should be revived and given effect to.

16. (i) The question whether the administration of industrial cooperatives should remain with the Cooperative Department or the industries Department continues to be raised from time to time. All things considered, the balance of advantage lies in keeping industrial cooperatives under the control of the Registrar of Cooperative Societies except, it seems, in the case of mechanised type of industries which may be placed under the Director of Industries.

(ii) While the decision whether the work relating to the industrial cooperatives should remain with the cooperative department or be transferred to the Industries Department has to be left to the discretion of the State Government to suit the local needs of cooperatives and the set up of different administrative departments, we suggest that if the Registrar is in charge, he should be assisted by a technical officer of the status of a Joint Director of Industries preferably on deputation from the Industries Department. He should obtain the help of the technical staff of the Industries Department with

regard to the economic and technical feasibility of the schemes. The State Government should place at his disposal necessary funds from out of developing the societies and the Director of Industries should offer them technical guidance, quotas of controlled and imported raw materials and certificates required from him by different authorities in the same way as he would if they were under his control.

(iii) If the Director is in charge he should be assisted by a Joint Registrar belonging to the cooperative cadre and with previous training and experience in cooperation and his field staff should get the help of inspectors in the Cooperative department in framing the bye-laws of the society, and ensuring that the cooperative banks, cooperative unions and other cooperative institutions offer their unstinted services to develop the society.

(iv) The authorities registering the societies should also have statutory power of inspection which should be done through entirely separate field staff. In other words, if the Director of Industries is in charge, he should have separate field staff available at all levels for inspection and the industrial inspectors should, in such cases, obtain special training in cooperation. Similarly, if the Registrar of Cooperative Societies is in charge, he should earmark some inspectors for industrial work and they should receive special training on the technical side of industries.

(v) Promotion, organisation, registration, inspection and liquidation should be the tradition and compilation of statistics should remain with the cooperative department in either case. In respect of societies registered by officers of the Industries department, the Registrar may reprepare a panel of arbitrators in consultation with the Director of Industries and appoint nominees in consultation with him.

(vi) For ensuring coordination between the two departments, a two-man committee may be constituted, at the Secretariate level consisting of the Secretaries of Industries and Cooperation with the senior of the two as Chairman. If there is a separate Secretary in-charge of village and small industries, he should also be a member of this committee. The Director of Industries and the Registrar of Cooperative Societies should be invited to the meeting of this Committee which should be held once a month.

(vii) State Government should pay special attention to the supervision of societies and appoint adequate number of supervisors for industrial cooperatives, who should not ordinarily be entrusted with any other work. The supervisors may be appointed at the average rate of 1 for every 20 industrial co-operatives in all states for the next few years.

(viii) The supervisors and other officers in charge of industrial co-operatives should not be transferred as far

as possible for a period of three years.

(ix) While the power of audit should remain with the Registrar of Cooperative Societies in all States, a separate group of auditors be trained for industrial cooperative work and maintained in every state in adequate numbers as a distinct group and a panel of certified auditors should also be drawn up whose services can be utilised to supplement the work of the departmental staff. In States where the Director of Industries is made responsible for all other regulatory functions, he should be associated with the preparation of the programmes for the audit of industrial cooperatives. Where there is a backlog of audit, it may be cleared as quickly as possible by the appointment of ad hoc staff.

(x) The Registrar should be authorised to exempt cooperative societies working at loss from the whole or part of the levy of audit fees in deserving cases.

(xi) Norms may be fixed for the work output of supervisors and auditors for different types of societies and work load determined on the basis of number and type of than on a territorial basis.

(xii) Forms of audit report be studied, suitable forms evolved and uniform standards for audit classification of different types of societies introduced.

17. It would be desirable to orient officers in revitalisation work so that they would have the correct mental attitude towards languishing and dormant societies and can deal with their problems efficiently. Seminars of three or four days' duration for the field staff of Government departments, cooperative institutions and also non-official workers from one or more districts in which discussions are stimulated and guided by one or two experienced persons would be the most suitable means of achieving the desired results fairly quickly. The subject of revitalisation of languishing and dormant societies should also form an important part of the syllabus of cooperative training colleges, schools, and special classes where training in industrial cooperation is imparted. A regular revitalisation programme will require careful examination of the working and position of each individual society at the hands of a competent person. Specific officers at the district and higher levels should be made responsible for seeing that approved revitalisation schemes of industrial cooperative are implemented and whatever action is necessary for that purpose is taken expeditiously and in time. The services of central financing agencies such as industrial cooperative banks, federations and prominent non-official leaders of well-managed societies should be fully utilised for the revitalisation work. The latter should be paid out-of-pocket expenses if they have to tour outside or travel long distances in the same city. Relaxation of rules may become necessary in certain cases. Six thousand societies should be retailed by the end of the Third Plan.

The fulfilment of the target will involve some additional expenditure on staff, management, grants to societies, fresh finance, etc. but such expenditure will be fruitful and fully justified.

18. The Central and State Governments and the National and State cooperative unions fully explore the ways and means of bringing, for business and production purposes, societies in the same and different sectors together by creating organisational and other contracts between them at various levels, work out details and take steps to disseminate the knowledge of the schemes that may be prepared.

19. The State Governments should get their respective Cooperative Societies Acts examined in respect of the needs of industrial cooperatives.

20. (i) We are of the opinion that Government assistance to augment the share capital of primary industrial cooperative societies should ordinarily by way of share capital loans to their members, at the same time the present practice of Government participation in the share capital of those primary industrial cooperative societies in whose case special circumstances require this type of assistance on an ad hoc basis should be continued.

(ii) Government assistance in the form of participation in share capital is particularly suited to the federal type of cooperatives whose share capital has to be raised from other cooperative societies who are themselves usually weak.

(iii) In the case of federal cooperatives that undertake initial, intermediary or final processing and that of industrial cooperative banks participation by Government may normally be on a matching basis.

(iv) We recommend share participation by government in the case of service type of federations upto three times the amount subscribed by the members.

(v) The responsibility for redemption of government shares will have to be undertaken by the members who, in the case of primary society, should make it a convention to invest about 5 per cent of their earnings in its shares. The societies on the other hand should as a convention invest atleast 10 per cent of their additional paid-up capital in the shares of the federation.

(vi) It needs to be ensured that the society retains at least 50 per cent of its owned funds for its own operations.

21. (i) The system advocated in the case of other industries is for the Director of Industries to give a loan to the member through the agency of the society which undertakes to collect the applications, bonds, receipts, etc. from him and make the required recoveries from his wages or sales proceeds. But the liability to repay the loans remains with the member, who issues a certificate entitling the government to forfeit his share and transfer

them to any other member in case of default or desertion. The system is recommended to be preferred since the member assumes full responsibility for repayment of the loan and is made aware that he is investing the money in the society.

(ii) Concerted efforts should be made by the government to use a larger portion of its provision for advancing share capital loans both to existing and prospective members of the societies.

22. (i) The period of repayment of loans advanced for land and buildings for workshops, etc. for SSI and other cooperatives be raised to 15 years and the first instalment be made repayable on the 4th Anniversary of the disbursement of the loan.

Industrial cooperatives that receive unconditional grants for equipment and other fixed assets under different programmes should, as a convention, transfer such grants to a depreciation fund.

(iii) The amounts of contribution by the members to purchase additional shares, the cumulative total of which should not be less than the amount required to meet the statement, should be determined before the society approaches the government or a financing agency for a term loan.

23. (a) Managerial grant from government to SSI and other cooperatives should cover the cost of (i) a manager or a secretary (ii) an accountant, (iii) an engineer, designer or similar other technician and (iv) a qualified or experienced salesman, appointed by the society.

(b) While we agree that the cooperative industrial estates should not get any assistance higher than what their members would have received, had they occupied government owned estates, it would be desirable to assist the cooperative industrial estates by meeting a portion of their overhead costs on salaries of adequately qualified and experienced persons. Government may therefore, extend to them a grant on a sliding scale of 100% for the first year, 75% for second year, 50% for the third year and 25% for the fourth year towards the salary of a manager, an engineer and an accountant. The total incidence of this grant in our view will be lower than the concessions that are available to small industrialists in government owned industrial estates.

(c) The pattern for service federations should include, in addition to the salaries of the manager, accountant, technical staff, one inspector and a salesman, rent of office accommodation on the basis of 100% for the first year, 75% for the second year, 50% for the third year and 25% for the fourth year.

24. Specific allocations should be made in each state budget for the development of industrial cooperatives under each group and also separately for such schemes as apply to more than one industrial group. (e.g. loans

and grants of banks, associations training institutions. etc.)

25. (i) The possibilities of organising cooperative societies of small industrialist occupying the workshops in the departmentally managed industrial estates to take over the ownership and management of these estates should be examined and a programme of gradual handing over of such estates to cooperatives should be prepared in each state.

(ii) The possibilities of formation of cooperative societies of those small industrial units, which have been regularly making use of the services of departmentally run common facility workshops, should be considered and a programme prepared of gradually handing them over to such cooperative societies.

26. In circumstances where it is not feasible to meet the full requirements of industrial cooperatives on account of shortage of materials, the authorities concerned should allot at least sufficient quotas to keep them in continued and effective operations without incurring losses. We, therefore, recommend the allocation of separate quotas on these lines for controlled commodities to industrial cooperatives. These quotas should be channelled through the apex industrial cooperative institutions.

27. It is observed that those State governments that have come to grips with the problems of the industrial cooperative societies have considered it fit to allow industrial cooperative societies a 10% price preference over that allowed to small scale industrial units. In our view it would be necessary for other State governments as well as the Central Government to take similar steps in order to make their assistance to industrial cooperative effective. We recommend that the industrial cooperative societies should be allowed a price preference of not less than 6% as between the quotations of the small scale industrial units, and in the case of the Central government and those State Governments which have not already introduced a more liberal pattern, a 15% preference over the quotations of the large industrial units.

28. The facilities available to industrial cooperatives should be made available by the Ministry of Commerce & Industry to all types of cooperative processing units.

29. Industrial cooperatives whether federations or primaries can take the net profits accruing to them due to fluctuations of prices to separate price fluctuation reserve. If however, a cooperative incurs a substantial loss on account of price fluctuations in its early years before sufficient reserves are built up, it faces a crisis. By way of a tentative solution of this problem it is suggested that State Governments or preferably the Khadi & Village Industries Commission should create a guarantee fund for the benefit of such cooperatives according to the particular needs of each State.

30. (i) Rethinking about the specific content and corresponding amendment of Section 17(2) (bb) of the Reserve Bank of India Act would be necessary to ensure the assistance of the Reserve Bank of India to enable the co-operative central financing agencies to extend adequate credit to industrial cooperatives.

(ii) Direct incentive in the form of specific limits for financing industrial cooperatives as such would be more efficacious at the present juncture, and the Reserve Bank may in any case be requested, in implementing its declared policy, to evolve a suitable procedure so as to ensure that the accommodation it makes available to central financing agencies does in point of fact induce them to use their own resources for financing industrial cooperatives.

(iii) The accommodation provided by the Reserve Bank of India is in the nature of a credit limit sanctioned to a State Cooperative Bank on behalf of a Central Cooperative Bank or an apex/regional weavers society. The State Governments may issue to the Reserve Bank of India a blanket guarantee within which may be accommodated the requirements of individual borrowing institutions recommended by the Registrar of Cooperative Societies.

(iv) The central financing agencies which do not have experience of industrial financing have a fear that their overdues may be relatively high on account of this business. It will be necessary therefore, for the Reserve Bank of India to deal with this aspect of Industrial finance in a way that would promote the integration of industrial finance with their other business,

31. Systematic efforts need to be made by the apex banks to pay due attention to the financing of industrial cooperatives. It is necessary that a special wing is created in each apex cooperative bank for this purpose with a separate deputy manager and a cost accountant supported by adequate staff. This wing should work under a special committee for industrial finance, composed of the chairman and some directors of the bank, connected with industrial cooperatives, the Registrar of Cooperative Societies and the Director of Industries.

32. (i) The Central financial agencies in all districts except those which are served by an industrial cooperative bank should similarly have separate wings for industrial finance with a deputy manager or a deputy secretary or any other special officer of the same rank, who should preferably have cost accounting knowledge and who should be supported by an adequate number of the inspectorial and other staff. Separate committees should be set up and representation allowed to industrial cooperatives on their boards by these agencies on the lines suggested by the First Working Group on Industrial Cooperatives.

(ii) Government should pay to the Central financing agencies a grant equivalent to 1% of the average outstanding amounts of loans and credits drawn by production type of industrial cooperative in the course of any given year. This contribution should be kept in a special bad debt fund to be maintained by the central financing agencies but not to be drawn upon except with the approval of the Registrar. Government should continue to make such payment every year until the special bad debt reserve amounts to 5% of the loans and credits sanctioned by central financing agencies and drawn by societies. Industrial cooperative banks also should be eligible for this assistance.

(iii) A definite number say 20% of the central financing agencies should be persuaded to adopt all the measures suggested by the First Working Group on Industrial Cooperatives every year. Sustained efforts will have to be made by the State governments and the Reserve Bank of India in this direction and a specific programme with targets indicating the central financing agencies and the amounts they would be expected to invest in industrial finance will have to be prepared and implemented. The central financing agencies should be able to provide additional credit to industrial cooperatives to the extent of Rs. 15 crores in the last year of the Third Plan.

33. (i) It would be desirable not to disturb the present position of the Mysore State Cooperative Bank as the apex bank for the Central Cooperative Rural Industries Financing Bank may be oriented in banking practices and the methods of work of a regional industrial cooperative bank. It should have a trained and competent staff at the head quarters and in the field, convert itself into a regional bank and confine its activities to a compact area in which it can work intensively for promotion and development of cottage and small scale industries. It may, at the same time, continue to deal with the affiliated 'taluk' societies and urban banks in the State until they can be affiliated to appropriate central financing agencies including district industrial cooperative banks wherever they exist.

(ii) It will be available for the U.P. Industrial Cooperative Bank to confine its activities to two or three districts. As weavers' and other industrial cooperatives from the whole State are members of the bank, some of the shares of such societies in the industrial bank could be transferred to central financing agencies. The bank has recently employed a retired officer of the State Bank of India as its manager and at our instance sent him and the Deputy Registrar of Industrial Cooperatives to visit the regional bank at Surat and the district bank at Sholapur. Whatever they saw and learnt at Surat and Sholapur it should be utilised early for reorienting the working of the bank.

(iii) New district industrial cooperative banks may be organised where there is considerable concentration of small industrial units organised cooperatively or otherwise, there are fair prospects of their ability to raise deposits and the credit needs of the industrial cooperatives cannot be met adequately by the existing central financing agencies.

(iv) A district industrial cooperative bank should be registered after a minimum of Rs. 1.5 lakhs has been collected as initial share capital and an assurance to collect Rs. 1.0 lakh more in the course of the next two years is forthcoming. Government should contribute equity share capital on a matching basis equal to the paid-up capital otherwise collected by the bank. There should be no objection if government nominates the first board of directors for a period of two years but the official members of the board of directors for a period of two years but the official members of the board should not be more than three and the rest of the directors should be drawn from representatives of industrial co-operatives, small scale industrialists and sympathisers of good standing who are conversant with banking and business practices. Exclusive of the officials, the representatives of industrial cooperatives on the board should be in a majority. It would be desirable for the banks to use the bye-laws of the Southern Gujarat Industrial Cooperative Bank as a model with such modifications as may be required to suit local circumstances. Subsidies should be given to the banks under the staff subsidy scheme. They should be used as agency for routing Government funds to industrial cooperatives and to small industrialists. Care will have to be taken to initiate the necessary measures for appointment of trained staff etc. It would be a great advantage if important members of the administrative and inspectorial staff are allowed an opportunity at Government cost to visit the industrial bank at Surat and Sholapur and spend at least ten days at each place studying the working of the banks at headquarters and at branches and accompanying inspectors on their inspection tours.

(v) The position in regard to deposits has changed somewhat radically of late on account of the deposit insurance scheme introduced for joint stock banks. Unless a similar scheme is also devised for industrial cooperative banks. It would not be fair to expect the new banks to attract substantial deposits. The subject is understood to be engaging the attention of all concerned for all cooperative banks. We assume that the insurance scheme that will this emerge will be applicable to the industrial cooperative banks as well.

(vi) The formula of the Reserve Bank of India for weavers' finance, which was evolved keeping in view of other limits allowed to the normal central financing agencies, becomes distinctly restrictive in its application

to industrial cooperative banks who have no other limits. We have, therefore, to suggest that the Reserve Bank may consider allowing accommodation upto a higher multiple of owned funds in regard to these banks.

(vii) The industrial cooperative banks should be allowed to attract the surplus funds of those urban co-operative banks which do not enjoy credit facilities from the other central financing agencies and which are engaged largely in industrial finance.

34. Government and Khadi & Village Industries loans should be routed through central financing agencies and not through central financing agencies and not through 'panchayat samitis'.

35. For the benefit of societies in industries other than cotton handlooms, loans should be made available to the apex banks by government in place of Reserve Bank of India loans.

Government loans may be made repayable by the banks in ten years, in 5 equal annual instalments, the first instalment falling due on the sixth anniversary of the drawal of the loan. As far as the industrial cooperatives are concerned, This should be advanced on a short term or medium term basis and conditions. The quantum of the funds to be advanced to an apex bank may be determined on the basis of the estimated requirements during the disposal of the central cooperative banks by apex banks and the former may continue to receive the same ninety per cent guarantee and may thus bear no more than the same ten per cent risk. This system will enable the central financing agencies to advance larger funds from out of their own resources to societies in industries other than handloom. As these instalments are repaid, it is expected that the cooperative banks would replace them by further advances from their own funds. Funds may be advanced to the apex banks at a rate of interest equivalent to the Reserve Bank of India rate, namely, four and half per cent and the banks may be paid a subsidy by government to meet their overhead expenditure at the rates suggested by us in para 260.

36. Ordinarily at the point of production, the rate of interest to be charged to a small industrialist or an industrial cooperative society should be somewhat favourable but not higher than what the medium and large scale industrialist the rates shall be fixed in such a way that they are uniform for the same purpose irrespective of the source of funds, that is, whether the funds come from government or are raised by cooperative banks from the public. Ordinarily the rate of interest to be charged to an industrial cooperative should not be less than the Reserve Bank rate i.e. four and half per cent. It may be necessary to charge lower rate to groups of societies that are organised with socioeconomic considerations and require a longer period of promotional assistance.

This may be also necessary in case of conversion of rebates into a consolidated concession in the form of reduced rates of interest. The rate to be charged to an individual small industrialist may reasonably be placed at two per cent higher than that charged to an industrial cooperative in the same category of industries. The rate of interest on government loans to them would accordingly be six and half per cent which will be on par with the rate charged by the State Bank of India under its liberalised scheme for financing small industries. The state should, however, give adequate grants to the financial institutions to cover their overhead costs and also an element of risk of losses so as to enable them to advance loans at the prescribed reasonable rate of interest. This grant would be at the rate of 3 to three and half per cent on the average of daily balance of advances of the central financing agencies to industrial cooperative societies and urban cooperative banks for industrial purposes. For the sake of convenience and easy calculation, however, an alternative arrangement would be to give them a grant at the prescribed rate on the advances outstanding on a date to be agreed upon between the apex bank and the State government. The rate of grant for the overheads may be correspondingly reduced if a higher rate of interest is prescribed by government in favour of particular losses of industrial cooperatives. Conversely, the grant may be increased in case a lower rate is prescribed. On loans advanced by the industrial cooperative banks and district cooperative banks to individual small industrialists and craftsmen directly, the grant would be 1 to one and half per cent. Except in states where the central financing agencies are well developed and have a large turnover, the grant for overhead expenditure may be fixed so as to allow the apex and the district central banks to have a total margin of three and half per cent between the borrowing rate of the apex bank and the ultimate lending rate to industrial cooperatives.

37. (i) Both the credit guarantee scheme and the 90% guarantee schemes have their advantages and it would be for the financing agency to choose which of the two schemes will offer to it greater security in the light of the age and strength of the industrial cooperatives to be financed.

(ii) In the case of some industrial cooperatives like those in KVI and those of the economically backward members a 100% guarantee would be necessary to persuade the banks to finance them. The standing of each such society can be reviewed every two or three years to decide when the 100% guarantee could be stopped and it could be brought under the 50% guarantee scheme.

38. (i) A list of the areas where the State Bank of India and its subsidiaries and expected to operate should be conveyed to them early by the state governments and

the benefits of the 90% guarantee schemes and the concessional rate of interest scheme should be extended to loans advanced by them.

(ii) Details of participation arrangements between industrial cooperative banks and the State Bank of India should be worked out and tried out on an experimental basis in the first instance.

39. Accommodation from the state financial corporations and the Industrial Finance corporation could be facilitated if the margin of security could be relaxed in certain cases against State government guarantees.

40. (i) The cooperative Acts may be suitably amended to allow the registration of hypothecation charges with the Registrars of cooperative societies so that the banks can get security from these charges as they do in the case of joint stock companies.

(ii) The forms of agreements in case of government loans should be suitably modified so as to restrict the charge of government to the assets created out of the loans or to include a clause to the effect that so far as short and medium term loans advanced by banks against the pledge or hypothecation of goods are concerned, they would have the first charge and the Government's charge would be subordinated to it.

41. (a) In the Fourth Plan attention needs to be directed to strengthening the industrial cooperatives and putting them on a sounder footing whereby they could provide better service and fuller employment to their members. Greater emphasis will therefore, have to be placed on augmenting the owned funds of the industrial cooperatives and, with this end in view, a larger portion of government funds may have to be used for share capital loans. The main programme for the weavers' cooperatives should aim at (i) increasing their self-sufficiency in the supply of yarn by setting up a larger number of cooperative spinning mills and (ii) improving production through different types of common processing units. The main increase in the number of cooperatives and their membership should be in other industries where an attempt should be made to organise 50% of the small factories and industrial households, in the urban and rural areas into cooperatives. While it will be necessary to continue the existing grant pattern, steps will have to be taken to see that the proportion of grants to the total Fourth Plan provision is reduced as a result of larger expenditure on technical improvements and share capital loans. In the field of mechanised industries, we expect a faster growth in the cooperatives of small industrialists, most of which will be service cooperatives.

(b) Our estimates are 68,000 industrial cooperatives at the end of the Fourth Plan with a membership of 65 lakhs and working capital of Rs. 2.50 crores.

(c) Government expenditure on grants, rebates, development measures and other revenue items may be

- (a) Need and scope for strengthening the Agricultural Engineering staff at the District, Regional and State levels ;
- (b) Coordination among different agencies concerned with research, manufacture, popularisation and distribution of implements.

The Team will carry out case studies of the different prototypes of important Agricultural Implements and hand tools with a view to judging their efficiency, economy and contribution towards increased production. With a view to facilitating studies and making them realistic, the Team will consult and hold discussions with Progressive farmers, manufacturers of agricultural implements and officers and staff of the State Agriculture and other concerned Departments, etc. The Team may coopt representatives of various interests in the field of manufacture, supply and use of agricultural implements in different States.

## CONTENTS

Physical and Agro-economic Features ; Research Manufacture and Marketing ; Education, Training and Extension ; Financial Aspect in the Fourth Plan ; Summary of Recommendations ; Terms of Reference ; Annexures from I to XV.

## RECOMMENDATIONS

In order to strengthen and stabilize the rural economy speedy execution of land reforms is necessary.

In order to assess the progress in the introduction of improved agriculture implements and machinery, steps should be taken by the Directorate of Economics and Statics (Ministry of Food, Agriculture, Community Development and Co-operation) to enumerate all important agricultural implements at the time of quinquennial livestock censuses.

In the context of modern trends in the farming methods in India and abroad, mechanisation in agriculture is assuming considerable importance. It is, therefore, essential to examine in detail its scope and formulate a definite policy.

Each State has taken up research on a number of implements. It, however, seems necessary to clearly identify the problems of the various categories of farmers and pay special attention to those, which are of most urgent nature for the maximum goods of the different sections of the agricultural community.

Since agro-climatic conditions vary from region to region in a State, it is necessary to set up adequate number of research sub-stations for conducting trials of implements designed at the State Research Stations. So as to modify them, if necessary, according to the draft capacity of the local animals and soil and climatic conditions.

Since experimental data on the role played by the improved agricultural implements in increasing production is very meagre and lacking, it is necessary to draw up a well-planned programme of cost-benefit research.

The All-India surveys of indigenous implements, have provided valuable basic material in respect of their design, construction, weight, cost, output, quality of work and estimated life etc. In order to find out their real worth, it is necessary to test them under field conditions and work out their efficiency, economy, cost of operation and power requirements in relation to the draft capacity of the bullocks.

There is considerable overlapping in the research programmes of various Research-Testing-cum-Training centres and the State Engineering Sections. Though some overlapping is inevitable, yet maximum benefit could only be derived if specific problems of a region or crop are tackled on a co-ordinated basis.

The Research-Testing-cum Training Centres must carry out more intensive research and field tests on the various types of hand tools, which form an essential part of farm equipment. It is also necessary to start technical studies on their improvement so as to obtain maximum efficiency and output and determine most suitable postures for work, size of blades, handle attachment etc.,

While the problems of All-India importance and fundamental nature may be tackled at the Agricultural Engineering Division of the I.A.R.I., the simpler and routine type of work connected with testing of farm implements and their modifications to suit local conditions, may be attended to by the State Research Centres.

The crop-oriented research on agricultural implements should mainly be conducted and co-ordinated by the Central Crop Research Institutes.

Most of the implements, which have been awarded prizes by the Indian Council of Agricultural Research have not yet found their way to the cultivators ; adequate arrangements must, therefore, be made to promote their use.

Regular exchange of ideas amongst the Research Workers, particularly by circulating monthly progress reports and organising meetings at different centres, should be encouraged.

Instead of schematic approach, to research it will be desirable to build up a strong Agricultural Engineering Section in each State by pooling all the available resources.

In order to utilise effectively the available animal power in the country, there is an urgent need for making detailed and systematic study of harnesses, hitching devices and methods of hitching.

Concerted efforts should be made to design animal-



drawn multipurpose implements, which could cover a wide range of operations, reduce the capital cost and recurring expenditure to the farmers

It is necessary to carry out a proper survey of different types of handtools, commonly used in the country, with due regard to their uses, shapes, sizes, economies, efficiency, production cost etc

Detailed studies and intensive field trials of tractors and power tillers, in different horse power ranges, require to be conducted at important stations, on a co-ordinated basis, for drawing up realistic programme of promoting their use and manufacture

In view of vast scope in increasing agricultural production in irrigated areas, special attention requires to be paid to the implement for land levelling, channel making, bund forming, etc

In order to ensure more effective use of fertilizers, the development of proper seed-cum-fertilizer drill needs special attention of the research workers.

Transplanting of rice seedlings, which is done during the peak period of labour requirements, has, so far, defied mechanisation. Intensive efforts required to be made to develop a suitable device for this purpose

There is a great need for research on sprayers and dusters, with a view to ensuring the application of pesticides evenly and thoroughly for effective control of pests and diseases

Special attention requires to be paid for the development of suitable power and bullock-drawn threshers for the grain crops.

At the harvest time, Kuravi paddy crop in South India is damaged by rains, resulting in deterioration of quality and discoloration of grains. Development of a suitable dryer is, thus, a matter of great importance

Existing procedure of indenting for controlled items of iron and steel is very lengthy and cumbersome. Since the control is now exercised only on a few items, it should be feasible to authorize the State Iron and Steel Controller to indent for a specific quantity of iron, equivalent to the quantity supplied in a specific year, taken as a base, directly from the producers

A representative of the Ministry of Food, Agriculture, Community Development and Co operation may be taken as a Member on the Steel Priority Committee

Requirements of steel for the manufacture of tractors, power tillers and improved agricultural implements should be given high priority, second only to the Defence needs

Arrangements should be made to meet the requirements of the iron and steel of the village artisans, through the Co-operatives, from the Steel Stock Yards, proposed to be set up in the States

The arising of industrial scrap should be made available to the fabricators of implements on priority

basis

Due to over-all shortage of high carbon steel, it will be helpful if the high carbon scrap available from the Railways and Defence Departments is made available to the manufacturers through the State Governments

In order to keep down the prices and improve the quality, the State Governments may encourage specialisation in the manufacture of implements, by helping suitable production units for the production of only those implements so as to provide them with necessary facilities and draw up realistic manufacturing programme

The Co operative Societies should be encouraged to enter into the field of manufacture and distribution of agricultural implements, with the assistance of the Agro-Industrial Corporation.

It will be desirable if the public and private sectors work in co-operation with, and as complementary to one another in the manufacture of agricultural implements while the vital parts of the agricultural implements like shares, points, discs, blades, etc., which require high carbon steel and high technical skill, may be manufactured in the public sector at the State or Regional level and supplied to the approved fabricators, the private sector may manufacture the remaining parts of the agricultural implements.

The manufacture of light-weight small engines (0.5 to 3.00 H.P.) required for plant protection equipment and other similar farm machinery require to be specially encouraged by affording necessary facilities to the manufacturers

There is no quality control on agricultural implements either in regard to correctness of the design in relation to prototypes or the material used in their manufacture, which has given rise not only to unhealthy practices but also to the under-mining of the confidence of the cultivators in improved agricultural implements. It is, therefore, necessary to set up an organisation in each State for inspection and quality marking of implements and their components

The States, which so far, have no arrangements for the preparation of the prototypes of improved implements and supplying them to the fabricators should set up State workshops for this purpose

There seems to be a great necessity of setting up Agricultural Implements and Machinery Corporation in the public sector, in each State, and in the case of small States for a group of States with homogeneous conditions, so as to ensure the manufacture and distribution of improved agricultural implements on a planned basis

A critical review of the schemes running on subsidised basis required to be made so as to restrict the use of subsidy only to essential items in the initial states.

In view of anticipated increase in the requirements of the Agricultural Engineers in relation to their availability, it is necessary to augment the admission capacity of the existing Agricultural Engineering Colleges, and to introduce this subject in other Agricultural Universities.

The courses of study in agricultural engineering at the Agricultural Colleges should aim at more practical and field work by ensuring closer coordination between the Agricultural Engineers and Agronomists.

The Implements Museum at the Agricultural Colleges should keep up-to-date set of improved agricultural implements, recommended by the State Departments of agriculture, as also those developed in other States, particularly in the neighbouring areas, so as to broaden the student's outlook.

There should be periodical assessment of the courses of study taught at the Agricultural Engineering Colleges so as to include up-to-date developments in agricultural technology.

The present arrangements of imparting training to the village artisans in workshops attached to the Gram Sewak Training Centres are not considered satisfactory. It is necessary to examine the working of these workshops and take necessary steps to improve them.

In view of acute shortage of trained tractor operators and livelihood of increased demand for them in the Fourth Five Year Plan, it is essential to set up more tractor training centres in the country.

A training programme may be drawn up at the central or regional level for the periodical training of skilled employees, preferably of the cadre of foremen in the modern technique of implements manufacture.

Short courses may be organised to train farmers, village volunteers and rural youths in the use of improved agricultural implements.

Refresher courses should be organised, on a regular basis, for the village level workers, agricultural engineers, District Agricultural Officers, Block Development Officers, Agricultural Extension Officers and overseers, with a view to refreshing their knowledge and acquainting them with the latest developments in the field of agricultural implements.

The Chief Instructor and other Instructors and the workshop wings of the Gram Sewak Training Centres should be kept in touch with the recent developments in modern fabrication and techniques, by arranging refresher courses at selected institutes from time to time.

The quantum of financial assistance made available to the trained artisans requires to be substantially raised.

Periodical surveys of trained village artisans should be carried out in order to keep a regular contact with them and exchange ideas for the solution of the problems encountered by them in the field.

Apart from the handtools and bullock-drawn implements a few tractors, power implements oil engines, power sprayers, dusters, irrigation appliances, should also be kept at the workshop wings for imparting adequate knowledge in respect of their maintenance and minor repairs etc., to the village artisans.

The trainees at the workshop wings should be given on the-job training by attaching them for a short time with experienced trained artisans in the surrounding areas of the Extension Training Centres.

Adequate facilities by way of land, raw material and power should be provided to the trainees to set up their workshops in the Industrial Estates and rural areas.

Besides workshop wings at the Extension Training Centres, private, co-operative and State Industrial Units, engaged in the manufacture of agricultural implements, may also be utilised for the training of village artisans.

Since improved agricultural implements contribute in several ways towards increased production, it is necessary that exclusive demonstrations on the use of agricultural implements to prove their economics and utility to the cultivators, should laid out, on a well-planned basis.

Where ever Farm Mechanics are appointed for the demonstration of improved agricultural implements, they should be required to work in close collaboration with the village level workers.

At present, every State is maintaining a long list of improved agricultural implements, some of which are now out-of date. The list, therefore, requires to be critically examined and curtailed so as to retain only those implements which are of proven utility and economic significance.

The implements kept at the village level worker centres and panchayats require similar review with an idea of keeping the number of implements in a set to the barest minimum. Proper procedure also requires to be laid down for their use and maintenance.

Since mechanisation is now assuming great importance a set of power tillers and other machinery should be kept at the block level for demonstration purposes.

The scheme for lending implements to the cultivators suffers from a number of draw-backs. In order to obtain larger participation of cultivators in the scheme, it seems necessary that a nominal rent may be charged for the use of implements and a proper procedure may be laid down which should be rigidly followed.

At a number of Government agricultural farms, indigenous implements are still being commonly used. It should be incumbent on them to use the recommended implements so as to improve their working efficiency as also serve as demonstration units.

In order to ensure closer co-ordination between the activities of various sections and implementation of programmes. As senior technical officer, higher in status than that of the heads of Sections, requires to be appointed in the Ministry of Food, Agriculture, Community Development and Co-operation.

Suitable status, at par with other equivalent technicians in the State services, requires to be given to the heads of State Agricultural Engineering Sections.

The State Agricultural Engineering Sections are, by and large, inadequately staffed, especially at the lower level. They need to be thoroughly re-organised keeping in view the requirements of the State.

The Full Finance scheme, as experimented on a pilot basis by the Co-operative Departments, Madras, so as to meet the entire credit requirements of the farmers in an area, required to be tried in the rest of the country.

The procedure for advancing loans to the cultivators requires to be simplified and recovery made in easy

instalments. To safeguard against the misuse, it is necessary that loans should be advanced, as far as possible, in kind.

As to other small units, the small Scale Industrial Sector should also advance loans to the manufacturers of improved agricultural implements.

The entire question of giving subsidy on improved agricultural implements requires to be thoroughly scrutinised by the Central and State Governments.

The maintenance of a fleet of tractors, power tillers and other power machinery at one centre in a State for hiring out to the cultivators at 'no profit no loss basis' is not likely to prove of much use. It is doubtful if it can be run on self financing basis.

The supply of spare parts by the Government organisation can be useful only to a limited extent. This service should generally be left to the private and co-operative sectors, subject to the rigorous control of the State Departments of Agriculture on the procurement sale price and distribution of spare parts.

## STUDY GROUP ON TRANSPORT COOPERATIVES, 1962-64—REPORT Delhi, Manager of Publications, 1965. 124p.

**Chairman :** Shri S.N. Bilgrami

**Members :** Shrimati Subhadra Joshi; Shri S.S. Panda (retired and no other person was appointed on the Group); Shri V.P. Johar; (Membership was withdrawn by the Govt. of Punjab and his vacancy was also not filled); Shri M.L. Batra; Shri D.P. Singh; Shri K. L. Luthra; Shri A. Sarkar; Shri K.T. N. Nambiar

**Member-**

**Secretary :** Shri K. Srinivasan

### APPOINTMENT

The policy laid down in the third-five year plan was that cooperation should increasingly become the principal basis of organisation in many branches of the economic life. It was felt that the implementation to this policy would be facilitated if the activities in the different sectors of the country's economy were separately studied and specific programmes drawn up for shaping them in conformity with the desired pattern of development. The Planning Commission suggested accordingly that working groups should be constituted for each of the major sectors for not merely reviewing the progress so far made but indicating the lines of development for the

balance of the Third Plan period and the Fourth Plan period.

In pursuance of this recommendation the Ministry of Transport appointed a Study Group on the 11th September, 1962.

### TERMS OF REFERENCE

(i) To examine the scope for the cooperative form of organisation in the field of transport.

(ii) To draw up a pattern of organisation for transport cooperatives ;

(iii) To assess the financial requirements of transport cooperatives and suggest ways and means of meeting them ;

(iv) To suggest patterns of financial assistance from the Central and State Governments to transport cooperatives;

(v) To recommend specific programmes and physical targets for the organisation of transport cooperatives during the Third Plan period;

(vi) To make recommendations for allocating to transport cooperatives, a certain portion of the funds provided for the entire cooperative sector ; and

(vii) To indicate the lines of development of transport cooperatives in the Fourth Plan.

## CONTENTS

Introductory ; Earlier Studies of Transport Cooperatives in India ; Trends in other Countries ; Review of Transport Cooperatives in India ; Pattern of Organisation of Bus and Truck Cooperatives ; Financing of bus and Truck Cooperatives ; Taxi-Cab Cooperatives ; Inland Water Transport ; Jin and Cycle-Rickshaws and Auto-Rickshaws ; Miscellaneous ; Summary of Recommendations ; Acknowledgements ; Annexures from I to XIII.

## RECOMMENDATIONS

A society in which almost all the members are its employees and "sympathiser members" are negligible in number, represents the most desirable form of transport corporation. A formula on the following lines may help in distinguishing a workers' cooperative from others :

(a) The society should be mainly engaged in the business of, or its Memorandum of Association should provide that its main business would be transport of goods or passengers or both from one place to another in motor vehicles ;

(b) The motor vehicles of the society should be used exclusively for its business ;

(c) At least 75% of the members of the society should be its employees; and in the case of a society the number of whose shareholders exceeds the number of its employees, at least 90% (rounded off to the nearest whole number) of its employees should be its members ;

(d) At least 50% of the members of the society should not be related to each other ; a member being deemed to be related to any other member if that member is the husband, wife, brother or sister or a lineal ascendant or descendant of that other member.

Users' cooperatives are not very common in this country at present but this form of cooperation has a widening horizon with improvement in rural roads and production of one-ton vehicles. It can be organised either village cooperative societies or Panchayati Raj institutions to carry crops from the centres of production to the markets, and the goods the farmers require on their journey to the villages. The membership of the society can be broad-based including farmers, other users and the drivers and cleaners of the vehicles.

The changing pattern of rural life also for regular passenger transport services to knit the small scattered communities closely, and bring them nearer the urban areas. The aim of any cooperative that is set up to meet such a traffic demand should be to achieve a membership covering not less than twenty five per cent of the adult population of the satellite towns/villages. It will not be worth registering any society if it has a membership of less than 500 persons.

An ideal service cooperative will be one which has a membership of at least 10 different bus owners or 15

truck owners with 25 vehicles in all, and undertakes the following services for them :—

### Essential

- (a) Booking and forwarding agency ;
- (b) A garage for repairing and serving their vehicles ;
- (c) Procurement and supply of spare parts, tyres, tubes, and, if possible, oil petrol, etc.
- (d) Settlement of their motor vehicles tax and goods tax, passenger tax liability ; and
- (e) Arrangements for vehicle fitness inspection.

### Desirable

(a) Recruitment and training of drivers and maintenance of a complete record of their antecedents and their service ;

(b) Cooperative insurance under Section 108 of Motor Vehicle Act ; and

(c) Settling claims and attending to other litigation involving the vehicles of the society.

Ex-servicemen's societies should be formed as far as possible, with ex-servicemen who become employees of the society in some capacity or other—conductor or drivers or clerks, managers.

Societies of route permit holders should convert themselves into workers' societies or users' societies as early as possible and should not be given any new routes by the Transport authorities till such conversion is effected.

Societies of scheduled castes and scheduled tribes should also, especially where there are organised under government initiative or with government loan assistance, conform to the pattern of workers cooperatives.

Other societies, including societies of vehicle owners, should imbibe the spirit of cooperation and admit workers into their fold in adequate numbers or should reorganise themselves as users/service cooperatives.

Since cooperation is a State Policy and can serve as a satisfactory alternative or adjunct to nationalisation, the State Government may, where it is not proposed to extent the public sector to any new route or to a feeder route, consider the feasibility of encouraging passenger transport cooperatives to supplement the services provided by the public sector undertaking. If they want to hold their own against the tide of nationalisation, the existing operators should voluntarily organise themselves into cooperatives.

Since it is unlikely that there will be any programme for large scale nationalisation of the goods transport services for several years, the State Governments should give all possible inducements for the formation of goods transport cooperatives, particularly those which constitute viable units.

The financing agencies would normally be the State

and District Cooperative Bank and the State Financial Corporations which should, in their turn, be able to secure the necessary funds from the State Governments or the State Bank of India on State Government guarantee.

Instead of promoting too many societies, which only result in the dissipation of the limited resources available, it is advisable to organise a small number of societies in each State for stage carriages and goods vehicles, preferably the latter. A reasonable target will be, 1000 societies for the entire Fourth Plan period of about 10 societies per State per year. It will be the responsibility of the Registrar of Cooperative Societies and the Transport Department of the State concerned to organise these societies, watch their working and ensure that they do not founder.

An economic unit will be five vehicles in the case of stage carriages and 10 vehicles in the case of trucks. However, there should be no objection, in the initial stages, to extending assistance to societies which have a smaller number of vehicles.

Each member of the society should contribute Rs. 1,000 to the society as his share money, out of which a sum of Rs. 500 should be paid immediately and the balance recovered later by deduction from his monthly salary.

Government should also participate in the share capital with 50% holding, from the outset, which will work out to Rs. 50,000 in a society consisting of 50 members. Requirements of funds in excess of the share capital and the contributions of the members and the Government, which may be of the order of Rs. 3,50,000 in the case of a society with 10 trucks, should be obtained either from the State Financial Corporations or other institutions.

Government capital should be retired as soon as the members are able to run the society with their own resources. The loan capital should be repayable within a period of five years, in monthly instalments, the first of which should be due six months after commencement of business by the society.

Preference should be given to (a) workers' cooperatives, (b) users cooperatives and (c) service cooperatives in that order of priority in dealing with loan applications.

A provision of Rs. 20 crores should be made in the Fourth Plan of the Central Government and an equal amount in the plans of all the State Governments together, for permanent investment in road transport cooperatives either directly or through the State Financial Corporations. The sum of Rs. 40 crores represent Government investment in the form of share capital as well as loans in 1,000 societies during the Fourth Plan period. It will also cover subsidies for managerial assistance for a period

of two years at the rate of about Rs. 4,000 per society.

The number of societies to be organised in the different States/Union Territories will obviously depend on the extent to which they have developed road transport. The Central loan assistance of Rs. 20 crores can be distributed among the various States either in proportion to the number of goods vehicles they have or the capital Corporations. Which may undertake to finance the cooperatives on behalf of the Government. In the latter case, the funds can remain with the State Financial Corporations as some kind of an "imprest" fund, which will continuously be in circulation as loans to the road transport cooperatives; money repaid by one society will be advanced to another and so on.

The interest payable by the cooperatives should not normally exceed the rate charged by the Reserve Bank by more than 4%.

Light vehicles, which are likely to be manufactured in sufficient numbers during the Fourth Plan period and which may not involve a large capital outlay for the operators, will have a valuable role in improving the rural economy. The Zila Parishads and other authorities should advise any rural transport cooperative they may organise to go in for one-ten vehicle. It will be less difficult to secure adequate cargo and keep these vehicles working to full capacity than medium or heavy vehicles.

Loan assistance to service cooperatives should be restricted to specific purposes e.g., constructing a workshop organising a training school, etc.

The Bihar State Financial Corporation seems to have decided that no assistance should be made available by it to those owners/undertakings who have more than 3 vehicles. Such a restriction will be a disincentive to the formation of viable cooperative units and should be withdrawn.

Proper arrangements should be made by Government for providing guidance and supervision to a society, particularly in its early stages. The departmental staff, where loaned, can later be partly replaced by Society's supervisory staff.

Every vehicle that is acquired with Government loan should be comprehensively insured with the Life Insurance Corporation or the Oriental Fire and General Insurance Company or a recognised cooperative General Insurance Society and the policy should be assigned to the concerned financing institution.

The society must also undertake to purchase its oil from petrol pumps of the Indian Oil Company, unless it is explained to the satisfaction of the Government nominees in the Governing Body that this is inconvenient or impracticable in the circumstances of any particular case.

It has been represented that one of the reasons for

the reluctance of hire-purchase financiers and Banks to advance loans for the purchase of vehicles is the absence of any substantive provision in the Motor Vehicles Act enabling any endorsement on the certificate of Registration of a vehicle to indicate that the vehicle is covered by a hire-purchase deal or is hypothecated against a loan. The Motor Vehicles Act should be amended to permit such an endorsement.

Banking organisations, oil companies, insurers and manufacturers or dealers in motor vehicles should be encouraged to combine to accommodate the operators either by direct loans or by deferment of their dues. Transport cooperatives can take advantage of such syndicates when they come into existence.

The best form of taxi cooperative is one which involves not merely the concept of self-help but the pooling of resources and joint working of the members to mutual advantage, though societies which secure cheap credit for taxi drivers and improve their resources, also have a useful purpose.

Since the chances of adequate return in the smaller towns are not bright and since embarking on a cooperative scheme simultaneously in all towns is a formidable task, State Governments should concentrate attention on a few important cities during the Fourth Plan period. At least one society for every city with a quarter million population appears to us to be a practical target.

As for central financial aid, it will be necessary to make a total provision of Rs. one crore in the Fourth Plan.

According to the 1961 Census, there were 38 cities/towns in India whose population exceeded 2.5 lakhs. The proposed provision of Rs. one crore will help the formation of 70 societies with 10 taxis each, costing Rs. 1, 50,000 during the Fourth Plan period.

The funds can be made available to tax cooperative societies through the State Financial Corporation or directly through the State Governments subject to the States Governments concerned taking the responsibility for organising the cooperatives. Providing them managerial assistance and supervising their working till they repay their loans. The pattern of managerial and financial assistance followed in West Bengal is commendable and may be adopted in other States.

If an economic, dependable and efficient inland water transport service is to be built up with the least dislocation to the existing boatmen in Kerala, and other States with navigable waterways, a two-pronged drive for mechanisations of country craft and their formation into co-operatives should be carried through with vigour. It is obvious that cooperation cannot be achieved by compulsion but the supply of powered craft by Government may effectively secure the twin objectives, viz., replacement of obsolete and slow-moving craft by

fast-moving tugs and barges of flats and of unhealthy competition by collective ownership.

The optimum size of an inland water transport cooperative will be about 100 members. Preference should be given in the selection of members to boat-men operating in areas where societies are proposed to be set up. The order of preference should be as under :

(a) Boat-men who own their boats and will sell them to the cooperatives if the boats conform to prescribed specifications ;

(b) Boat-men who have been working in the area but do not own any boats ; and

(c) Boat-men from other areas.

Every one of the members should be called upon to serve as an employee of the society. The initial subscription could be a nominal amount, say Rs. 100 per member, to be increased by deductions from monthly salary to Rs. 1,000/ per member over a period of two years.

The primary security for the Government loan is the members' character, the tug being only the additional security. Care should therefore be exercised in the selection of members.

The members should have three tugs which can push suitably designed flats or barges or pull as many boats as possible. For operation over small stretches of sheltered waters, boats with out-board engines may be used.

Government should give the societies long term credit facilities and should be entitled to re-possession of all the assets acquired with their loan if there is reason to believe at any stage that the assets have not been properly maintained or if there is any default in the repayment of the loan.

Obsolete craft should be systematically replaced and adequate reserves built up for return of Government loan and for other purposes.

The craft and other assets acquired with Government loan should be full insured.

Each society should have a booking, forwarding and distributing agency at important loading centres.

Arrangements should be made to ensure (a) booking of bulk cargo, as far as possible, (b) speedy movement of goods, (c) regularity of services, (d) safety of the cargo, and (e) warehousing facilities at important centres.

What is needed is intensive and not extensive development. Instead of dissipating resources in scattered areas in the State where the water-borne traffic is not heavy or where cooperation has not taken root, concentrated action should be taken in areas where there is comparatively greater scope for achieving cooperative economy in this sector.

An apex society should be established in Kerala, if possible, to serve as the forum for bringing the problems of the primary societies to the Government's notice and

also to provide common repair and workshop facilities.

The aim should be to organise a net work of co-operatives in water ways where Government are not themselves providing the services. The State, which is potentially the best suited for such a project, is Kerala. The State can pioneer with a target of 50 societies in the Fourth Plan period.

Provision should be made for loans to State Governments in the Central Fourth plan to the extent of Rs. 1 crore altogether. Out of this amount, Rs. 50 lakhs should be earmarked for Kerala for facilitating the establishment of at least 50 societies. Other States, which set up pilot cooperative units on the above lines, with any modifications that local conditions may require, may be given a loan of Rs. 10 lakhs each. If prompt measures to execute the project are not taken by any of them within the first two years of the Fourth Plan, the funds set apart for the defaulting State may also be diverted to Kerala.

Central Government can supply out board engines, tugs, barges or flats and the equipment necessary for putting up small dockyards or shipways for repairs and maintenance of craft. It should be the duty of the apex society proposed in above to construct dockyards etc. as near the centres of operation of the cooperatives as possible. It may not be difficult to accommodate the financial needs of an apex society within the Plan provision proposed by us above.

In addition to the loans, the Central Government may also make a grant not exceeding Rs. 5 lakhs for starting a training institution in Kerala with provision for training about 100 men each year in the operation and maintenance of power craft as well as cooperative principles and procedures. The State Government, who were asked to establish a training school two years ago, expressed a desire to defer the proposal for the duration of the current emergency. It is advisable for them to reconsider it, in spite of the continuance of the emergency.

The earlier Jin and cycle-rickshaw as are off our roads, the better. A sweated trade, which treats men like best of burden, is incompatible with the pattern of society to which the country is wedded, and the process of its elimination requires, therefore, to be speeded up.

The first step in the conversion of cycle-rickshaws into auto-rickshaws is to license and bring the existing rickshaw pullers together within the fold of a cooperative society. This will serve to improve their present plight, while the acquisition of auto-rickshaws will support and strengthen the society and will be the means of their attaining better standards of life. The State Governments have a duty to promote such societies not merely on this major humanitarian consideration, but also in the interest of cheap transport for people in the middle

and low, income groups. Who cannot afford to hire taxis in urban areas.

A Standing Committee, consisting of the Transport commissioner, Registrar of Cooperative Societies, Labour Commissioner and the Managing Director of the State Financial Corporation should be constituted in every State to review the position periodically, but not less than twice a years from the following points of view :

Surveying and licensing of all the existing rickshaws and rickshaw-pullers ; (No new rickshaw licence should be given except to cooperative societies).

Necessity for granting new permits for operation of auto-rickshaws in the different towns/cities in the State, taking the rising traffic demand into consideration ;

Scope for replacement of cycle-rickshaws (coopting representatives of the local bodies concerned when this is examined;) and Practical measures required for giving effect to on a firm footing.

Where a cycle rickshaw is not plied by its owner but by an employee, the licence for the rickshaw should be cancelled, if necessary, by suitable legislation and if the owner is prepared to sell the rickshaw to a cooperative society in which the erstwhile rickshaw pullers are members, the licence may be transferred to the society for the duration of the life of the rickshaw. This may be effected as a gradual process.

The U.P., M.P., A.P. and other State Governments should take positive active to organise at least one society in each city with a population exceed in, 1,00,000 where auto-rickshaws are not banned on grounds of traffic regulation and control. It will make a great and salutary difference not merely from the transport angle but also from the point of view of the cooperative movement.

An effective programme for auto-rickshaw cooperative may entail a total provision of Rs. 50 lakhs for all the States together for the entire Fourth plan period and the assistance, which should take the form of loans at a nominal rate of interest, can be channelised through State Governments. In addition to loans on liberal terms the State Governments should also see that permits are not withheld from these cooperative societies, unless, the transport Authorities are satisfied that either the traffic in the area in question cannot bear an additional permit or that the members of any particular society are bad characters and the society must be screened off in the public interest. As a condition for the issue of permits, the State Government may also insist on a society building a shed or garage and setting up a workshop, (preferably a mobile one) either individually or jointly with other societies ; and any financial help that this may involve also be extended by the Government.

Preferential treatment should be given to a coopera-

tive in the grant of route permits as long as there is no reason for any misgiving about its ability to cope with the traffic requirements.

Within the framework of the existing provisions of the Motor Vehicles Act and without prejudice to the policy of State Governments in regard to nationalisation of road transport, fillip can be given to the development of transport cooperatives. What is required is that the existing provisions of the Act should be implemented in their spirit and cooperatives given their legitimate share on all routes, including long distance route.

It is possible and also desirable for the Registrar of cooperative Societies to be a member of the State Transport Authority which is the body which coordinates and regulates the activities and policies of the Regional Transport Authorities of the entire State, in order to ensure that the interests of cooperatives are not neglected. Where, however, there are Regional Transport Authorities with more than one member, representation may be given to the Cooperation Department on them.

Only ownership of vehicles, and not their mere control by a cooperative society, should make it eligible for the grant of permits.

The Delhi Motor Vehicles Taxation Act, 1962 has provided 50 per cent tax relief for workers cooperatives. A similar concession should be extended by all State Governments to vehicles owned by transport cooperatives, under their respective Motor Vehicles Taxation Acts.

A differential tax levy i.e., an increased exemption limit is justifiable in the cases of transport cooperatives. Since the optimum size of a viable transport cooperative will be 10 trucks with a membership of about 50 people, the exemption limit of Rs. 15,000 may be increased in these cases to Rs. 50,000 and a worker's cooperative may be defined on the lines of Section 14 of the Delhi Motor Vehicles Taxation Act, 1962 for this purpose.

Audit fee should not be regarded as a measure of taxation but correlated to the actual cost of the service rendered by the auditors. Audit should be either departmental or through an approved panel of auditors. Steps should, however, be taken to see that a society does not suffer undue expenditure by prolonged audit.

The Registrar of Cooperative Societies should, in consultation with the transport authorities concerned, simplify the system of accounts that transport cooperative should follow and, if possible, arrange for the supply of forms and books to the societies. Since these societies cannot afford to employ qualified accountants and do not understand the principles and practices of commercial book keeping it is essential to evolve a procedure by which the required information can be recorded even by men with little or no accounting

experience.

Managerial subsidies may be provided to transport cooperatives for four or five years. It will very useful to obtain the service of qualified Government officials. Preferably from State Transport Undertakings or the cooperation department, wherever possible, for a period of two or three years on deputation basis, free of charge, to put the working of the societies on sound footing. The persons as selected may be trained in all aspects of transport operation and cooperation before they are given this assignment.

A desirable objective is the development of a professional managerial class familiar not merely with transport operation but also with the methods and ideals of cooperation. This will be practicable if the Registrars of Cooperative Societies draw up a programme for the recruitment of qualified men with business aptitude, who can be sponsored for training for two or three years in the State Transport Undertakings the Central Road Transport Research and Training Institute which is shortly proposed to be established by the Ministry of Transport and also any central institution that may be organised for providing training in cooperation on an all-India basis. The transport societies can be made to engage them either jointly or individually, depending on the extent to which their services are needed, and to contribute to their salary accordingly.

There will be need for apex societies of Federation at State and all India levels only if transport cooperatives come up in large numbers in the different States.

Appointment of a few service cooperatives as agents of the manufacturers or importers may obviate all causes of complaint from transport cooperatives about difficulties in the procurement of spare parts, etc.

While it is not possible to compel a manufacturer in the private sector to extend any special concessions or patronage to transport cooperatives. There should be no difficulty in Government's instructing all public sector undertakings, including State Trading Corporation, Indian Oil Company, etc., to encourage cooperatives to the maximum possible extent, e.g. in allotment of petrol station by Indian Oil Company, distribution of tyres by the State Trading Corporation etc. The Postal Department should likewise give preferential treatment to applications from Stage carriages operated by transport cooperatives in the award of contracts for carriage of mails. Similar preference should also be extended by other Government departments/public sector undertakings.

A cell should be created under a senior officer in the Ministry of Transport to plan and watch the development of transport cooperatives and to maintain liaison with the co-operation and other departments and the



various public sector undertakings.

Though it is desirable to promote cooperative insurance societies, there is no justification for any amendment of the Motor Vehicles Act for this purpose. A society which wants to undertake comprehensive motor vehicle insurance should so after complying with the provisions of the Insurance Act 1938.

The Kerala Government have asked for loan assistance for promoting a second unit under the Union

Transport Ministry's pilot Scheme for organising transport cooperatives for educated unemployed. It need not be a "Pilot" society, since the pilot society that was registered in 1959 appears to have gained in strength and come of age. Financial assistance can be given for the second unit as a part of the general effort to promote cooperation. It is, however, premature to consider extension of the current pilot scheme, as such elsewhere.

## COMMITTEE ON MODDLE PLANNING LEGISLATION, 1962—REPORT

New Delhi, Ministry of Health ; 1965. 48p.

**Chairman :** Shri Gian Prakash.

**Members :** Lt. General D. N. Chakravarthy; Shri B. T. Talim; Shri K. N. Misra; Shri D. G. Karanjgaokar; Director of Town & Country Planing; Shri C. Govindan Nair;

**Secretary :** Shri C. S. Chandrasekhar;

### APPOINTMENT

The Model Town and Country Planning Law was prepared by Central Ragonal and Urbrn Planning Organisation in 1960 on the basis an earlier draft by the Institute of Town Planners, India. The Model law was considered by the 1st Conference of State ministers for Town and Country Planning held at Bangalore in 1961, which set up a Committee Ministers to examine the model and to make suitable recommendations thereon. This committee cosisting of the Ministers from Madras, Mysore and West Bengal examined the Model Law in great detail and after giving careful consideration to a large number of comments received from the State Governmen's particularly from the Government of West Bengal revised it suitably and commended it for consideration of the 2nd Conference of State Ministers for Town and Country Planning held in Trivandrum in 1962. The Conference after considering the report of the Committee and the revised Model Law agreed with the committee's views that no Model Law could meet the requirements of each state individually and that it would have to be adopted to meet the requirements of individual states. At best the Model could provide the basic guidance in regard to essential requirements of a Law relating to Comprehensive planning and leave it to the State Government to adopt it to meet their requirements. The conference also recognised that in a dynamic society like ours ;

Where constant changes were taking place, the requirements which a law on town and country planning would have to meet will also undergo change and it would be necessary to take note of these changing requirements periodically. Accordingly the conference commended the version of the Model Law as finalised by the committee to the State Governments for their consideration and adaptation.

Acting on this recommendation of the conference most State Governments have been taking steps to revise their existing planning laws. Some of the State Governments have enacted laws on the basis of the model; while others are revising their existing law to meet the present day requirements. With a view to examine the matter in detail the Government of West Bengal, set up a separate commission for Lagislation on Town and Country Planning in October, 1962.

### TERMS OF REFERENCE

The committee after examining the general views and detailed recommendations on the several clauses of the West Bengal Legislation Commission on the Model Planning Law as also the experience gained so far in adapting it to the requirements of the various States.

### CONTENTS

Report of the Committee on Model Planning legislation; Summar of Recommendations; Report of the Committee on Model Planning Legislation; Annexures I to III.

### RECOMMENDATIONS

The Committee after examining the general views and detailed recommendations on the several clauses of the West Bengal Legislation Commission on the Model

Planning Law as also the experience gained so far in adapting it to the requirements of the various States came to the following conclusions :

1. The Committee reiterates the views of the conference expressed earlier that no Model Law could mean the requirements of each State individually and that it would have to be adapted to meet the requirements of individual States. In a dynamic society like ours, where constant changes are taking place, the requirements which a Law on Town & Country Planning will have to meet, will also have to change and it would be necessary to take note of these changing requirements periodically.

2. A study of the suggestions made in regard to the State Town & Country Planning Authority, indicates that a State Town & Country Planning Boards of the type recommended in the Model Law is necessary so that there is available an overall plan advisory body consisting of various heads of departments of State Governments to advise the State Government and to give realistic appraisal to any plan prepared for a local area or a region within the State. There was, however, no objection to the setting up of a State Planning Authority as proposed by the Commission as a small body of experts to prepare the plans in cases where the local authorities are not able to do, and also to make studies, publish literature, to control the enforcement of the plan and also to hear appeals. The composition of such an authority would have to be left to each State Government to decide upon.

3. The composition of a local planning authority to be given in a Model Law should leave enough flexibility for the State Government to appoint an authority which can truly represent the various interests at the local level and also to function effectively. Any detailed definition of this authority beyond that proposed in the Model Law may defeat the purpose of such representation.

4. Referring to Comments of the Commission suggesting longer time intervals between different stages of the Development Plan the Committee draws attention to the existing provisions in the Model Law providing for extension of time at each stage by the State Government if there was sufficient justification.

5. The Committee agrees with the Commission's view that the time for calling objections on existing land use map may be extended to one month and that this should prove sufficient for the purpose of verifying whether the use of any property in the planning areas is correctly shown or not.

6. In regard to the sale of maps and reports the committee felt that as the documents were to be published as public notification they should be available for sale and further the local planning authority may have to put out simplified literature to mobilise public support.

7. The requirements of publicity included in the

Model Law provide the minimum required according to Law and the Committee emphasizes the need for having a much larger publicity to enlist public's Co-operation and to mobilize its support in plan implementation. Such publicity programme, the committee felt, can be undertaking better by direction from the State Government than by Law.

8. The Committee recommends that the terminology used in the Model Law, which takes note of the current usages of terms and concepts both in India and abroad and which also expresses fully the intent in each case be used in preference to terms like Master Plans or General Plans which have been found by experience to have certain rigidities and ambiguities in their meanings.

9. The Committee recommends that, where a local authority is appointed as local Planning authority the local authority should be required to set up a separate committee of the status of a Standing Committee of the Local Authority to undertake the preparation of the Plan, process it and enforce it.

10. The Committee recommends that, for making minor changes which do not affect either change in land use or prescribed densities the planning authority should be able to take a final decision provided its decisions were given appropriate publicity. For all other changes the procedure prescribed in the law should be followed.

11. In regard to effect of other laws, the Committee felt that Sub-Section 2 (a) of Section 71 will need a proviso indicating that the grant of planning permission does not absolve the owner of obtaining such permissions as may be necessary from other authorities and such payments as may be necessary to be made for undertaking the development by a Planning authority.

12. The Committee felt that certain norms and standards assumed in preparing the Plan may not be considered obligatory but may be included in the development plan to give general indication of the basis on which the plan is prepared.

13. The Committee after considering the procedure for appeal included in the Model Law felt that the procedure for filing of appeals should be as far as possible decentralised in order to avoid harassment and expenses to those who file appeal against the refusal of grant of planning permission or against the levy of development charge. The Committee recommends that appellate authorities should be made available at the district or divisional level and such appellate authorities may consist of a Town Planner, a Superintending Engineer and a non-official, whose decision may be taken as final except in some cases such as levy of development charge, where a second appeal may be provided to the State Planning Authority, who may appoint a Sub-Committee to hear such matters, if needed.

14: The detailed changes suggested by the Commis-

sion are in the nature of verbal changes, elaborations to clarify the meaning and intent of a certain section or a sub-section and errors in printing. These have examined thoroughly and the extent to which these could be usefully incorporated in the revision of the Model Law is indicat-

ed in Annexure I to the report.

15. The Committee recommends that the Model Law may be suitably revised in the light of the recommendations given in its report and circulated to all the State Government.

## **STUDY GROUP ON COOPERATIVES UNDER RAILWAYS AND POSTS & TELEGRAPHS DEPARTMENT, 1962—REPORT**

New Delhi, Ministry of Community Development and Cooperation  
(Department of Cooperation), 1963. 124p.

**Cairmans :** Shri G.D. Goswami ;  
**Members :** Shri S.C. Sen Gupta ; Shri D.G. Jadhav ; Shri L.C. Jain ; Shri Ram Krishna Prasad.

**Member-Secretary :** Shri J.K. Verma.

### **APPOINTMENT**

The question of speedy development of Cooperatives under the Railways, Posts and Telegraphs Department, etc. have been under the consideration of Government. The Planning Commission have recommended that a Study Group may be appointed for the purpose. It has accordingly been decided to constitute a Study Group to Examine the present condition and problems of cooperatives under Railways, Posts and Telegraphs Department, etc. and suggest specific programmes for their promotion and development on sound lines.

The Study Group on Cooperatives under Railways and Posts and Telegraphs Department was Constituted under the Ministry of Community Development, Panchayati Raj and Cooperation (Department of Cooperation) vide their Resolution No. 13-34/64-Coord, dated October 9, 1962.

### **TERMS OF REFERENCE**

(i) To examine the present set-up of the organisation of cooperatives under the Railways, Posts Telegraphs Department ; etc.

(ii) To examine the present pattern of organisation and financial assistance and suggest changes if any ;

(iii) To recommend specific programmes and physical targets for the organisation of the above cooperatives during the third Plan ;

(iv) To indicate the lines of development of these

cooperatives in the fourth plan.

### **CONTENTS**

Introductory ; General Background and Approach ; Cooperative Credit Societies on the Railways Consumer Cooperative for Railway Staff ; Other types of Cooperative on the Railways ; Cooperative Credit Societies under the P & T Department ; Consumers' Cooperatives for P & T Staff ; Other Forms of Cooperatives under P & T Department ; Administrative Arrangements for organisation and Supervision ; Summary of conclusions and Recommendations ; Appendices I to VII.

### **RECOMMENDATIONS**

#### **Cooperative Credit Societies on the Railways**

The objects of some societies include the "introduction of housing schemes". A credit society should not get involved in acquiring houses sites or starting colonisation schemes which should be appropriately taken up by separate housing cooperatives.

The employees credit societies can help consumers' cooperatives by sanctioning loans to members for making 3 trade deposits in consumers' cooperatives. They may also honour the credit chits of approved consumers' cooperatives and debit the amount as loan against the member.

Some societies are having arrangements with certain recognised dealers whose credit chits are honoured by the society and the amounts debited as loans against the members. This system is objectionable as it breeds favouritism in the matter of selection of traders.

Taking up welfare activities for their members and their children is none of the specific objective mentioned in the by-laws of the credit societies. A part of the profits of the credit societies should, therefore, be set apart for specified welfare activities.

The societies on Railways being very big, do not have direct participation of members in the annual general meetings. However in the case of Jackson Cooperative Bank having over one lakh members, general elections are conducted on basis of voting by each shareholder. This is unrealistic. When the membership and jurisdiction are big, the annual general meeting should be held on a delegate system.

The general problem of throwing up new and younger leadership is common to the entire cooperative movement. A great deal would naturally depend on the efforts made to educate the members about their rights and responsibilities. A suggestion was made that the by-laws might contain a clause preventing a person for standing for election for more than two consecutive terms. This is a broad question and will have to be examined in detail by the farmers of cooperative policy.

The General Managers and the F.A. & C.A.O. are in many cases functioning as ex-officio chairmen and vice-chairmen of credit societies. The interest taken by them is partly responsible for the impressive growth of the cooperative credit structure on the Indian Railways. The societies have now gained sufficient strength and in the present contest of de-officialisation, holding of ex-officio positions by railway officials should be dispensed with. Many of these societies employ a large number of staff to conduct their day-to-day business and it is very necessary that suitable accommodation should be arranged for them. Wherever cooperative societies are in a position to construct their own buildings, the railway administration should help them as they have done in the case of Jackson Cooperative Bank, Bombay.

Thrift is an essential part of cooperative credit. There are some societies which have not yet introduced any scheme of thrift deposits. Steps should be taken to introduce the system. Wherever it does not exist. The scales of thrift deposits suggested by the Railway Board should be adopted.

All the credit societies on the railways should get themselves affiliated to the respective state cooperative banks who should provide credit and other facilities to these societies to the extent necessary. These societies should use the cooperative bank as their bankers. The Registrar of Cooperative Societies should not permit the credit societies to open accounts with the joint stock banks. This would enable the state cooperative banks to play the balancing role for which they were intended. Long-term investments of the credit societies should preferably be made in the debentures floated by the central land mortgage banks.

For a cooperative credit society which accepts deposits, maintenance of fluid resources in accordance with

the prescribed standard necessary. It was noticed that some of the societies were not regularly maintaining such cover. The Registrars of cooperative societies should review the position obtaining in their states and ensure that fluid cover is maintained as follows :

40 per cent of deposits at call, cash credit, overdraft sanctioned but not drawn; 25% of saving deposits; 25% fixed deposits maturing within next three months; 100% of thrift deposits falling due within next 30 days.

The procedure for disbursement of loans is not uniform. As the members of bigger societies are spread over a large area, the practice of disbursement of loans through cheques to be cashed from the station earnings is satisfactory. This system may be adopted wherever it does not exist provided the societies keep adequate deposit for this purpose with Chief Cashier and the Pay Master of the Railway.

There is diversity in the rate of interest charged on loans by the societies. This depends upon many factors such as the rate at which obtains loans and deposits. The rate of interest charged from members should, therefore, be reviewed from time to time and efforts made to maintain them at a reasonable level.

Recovery of loans is done through pay sheets of members for which the railway administration charges a fee of 4 annas per cent which is credited to the welfare fund of the society if such a fund is constituted by the Society. As the deduction of the due of cooperative societies from the salaries of the members is a statutory obligation of the employers, the levy of this charge may be discontinued.

One of the problems facing the cooperative credit Societies on the railways is the recovery of loans amounting to Rs. 59.53 lakhs from members who have gone to Pakistan. Steps may be taken to have the matter settled early.

In the case of Jackson Cooperative Bank, the Engineering Department on the railways has given active assistance in the construction of the society's buildings. Such assistance might be extended to other societies also.

The railway administration has not given direct financial assistance by way of loan except in one case. It is difficult for a new society to have sufficient working capital. Initial loan assistance might be given to such infant societies and may be recovered in 10 years time. Only 54% of the railway staff are members of the credit societies. Efforts should be made to cover at least 75% of the employees by the end of third five year plan.

At present the staff of N.E.F. Railway is being served by two credit societies located at Calcutta. A separate society for N.E.F. Railways with its headquarters at

Pandu may be set up.

#### Consumers' Cooperative for Railway Staff

The Railway Board decided that a primary consumers' store should normally cover a radius of 20 miles with about 600 railway men. With this it should be possible to have a minimum of 250 members and a turnover of about Rs. 1 lakh to make the store a viable unit. The unitary type of store is more suitable for residential areas while in big cities the branch-type of store may merit with the setting up of consumers' cooperative stores under the centrally sponsored scheme in towns and cities having population of over 50,000 the railway men's stores should seek affiliation to the nearest whole sale society under this scheme.

The consumers' cooperative stores have not made any efforts to take up simple processing and manufacturing activities. The consumers' stores may set up small processing and manufacturing units wherever possible in order to provide better services to their members.

The managing committee of most of the consumers' stores is elected entirely by the members. There is no need for any officials holding positions in their ex-officio capacity. Wherever the railway administration participates in the share capital, they may nominate their representative up to one third of the strength of the management or three directors whichever is less.

In order to attract membership from class IV staff, at least one or two members should be taken from this category.

A cooperative store has to take note of the habits of the clientele it serves. It will not, therefore, be practicable to prohibit credit sales altogether. In some stores, credit sales are allowed to the extent of of paid-up share capital. There is also an overall limit of one-third of the total salary of the member. Credit sales should be subject to both these restrictions.

Correct pricing of goods plays an important part in the success of cooperative stores. Practices vary in this respect. The best method would be charge the market prices and distribute the surplus as rebate. In the initial stages, the rebate need not be disbursed in cash but converted into share capital.

Women all over the world have played a very important role in this field. The membership of consumers' cooperative stores should therefore be open to the wives of the railway employees and they should be given adequate representation on the managing committee.

Inadequate and unsuitable accommodation has contributed to a large extent to the slow growth of consumers' cooperative stores. Suitable premises should be constructed by the administration providing adequate space to run different sections of the stores. The existing shop premises allotted to consumers stores should be

suitably remodelled. The present pattern of assistance does not provide for share capital contribution or working capital loan. Lack of sufficient capital has stood in the way of expanding the business of many stores. The stores in N.E.F. Railway deserve particular attention. The Ministry of Labour has recommended a scale of financial assistance to be provided employers in the private sectors. This envisages share capital contribution of Rs. 2,500 on matching basis, and working capital loan upto to Rs. 10,000 per store. The Railway Board should provide assistance on the same scale to all new societies to be organised and to the existing societies which are in need of such assistance.

Consumers' Cooperative stores should be in a position to meet competition from private trade. However, initially certain protection is needed. The railway administration may discourage shopkeepers from opening shops in railway colonies. Wherever consumers' cooperative stores are functioning. Licences of existing shopkeepers might not be renewed as soon as a consumer cooperative store is organised. The staff posted in outstations and railway tracks find difficulty obtaining in their supplies. Selected consumers' stores can run a mobile van and the cost may be recovered by a suitable surcharge on the prices.

The success of the stores movement depends to a great extent on the training given to employees of the stores. A phased programme for the training of the employees of the stores can be drawn up by the railway administration in consultation with the Committee for Cooperative Training.

It is essential that the welfare inspectors who are charged with the responsibility of supervision of consumers' cooperative stores should be conversant with cooperative principles and procedures. Those who have not been trained earlier should undergo a course of training in this behalf in the regional training centres.

The present number of consumers' cooperative stores in about 200 and another 100 societies will be needed to serve the entire staff. The aim should be to enrol 7.5 lakh members by the end of the fourth plan.

#### Other Types of Cooperatives on the Railways

A separate study group appointed by the Ministry of Works, Housing and Rehabilitation is examining the question regarding housing cooperatives. However, a suggestion was made that out of the funds available under middle and low income group housing schemes, separate allotment should be placed at the disposal of the Railway Ministry so that railwaymen's cooperatives may not have to take a chance with others in the matter of securing loans from the State Government. This suggestion should be examined by the Ministry of Works, Housing and Rehabilitation.

Big contractors sometime obtain a number of vending points and sublet them. A cooperative will enable self regulation among the vendors and render the task of the railway administration easier. The only long term answer to the persistent complaints about the quality of catering on the railways is to evolve an organisation under which the actual workers engaged in catering have a full sense of involvement in the success of the enterprise. The best way of securing such involvement is organising them cooperatively and to provide them with managerial talent and financial assistance. The organisational pattern and financial assistance should be as follows :

(a) The vendors cooperatives will have to operate in a compact area to secure effective member participation and it should have at least 50 members in order to be viable. If a cooperative obtains contract for running a restaurant or a refreshment room, the society might also be given the vending contract on that station.

(b) Membership of these societies should be open only to cooks, bearers and the actual vendors including those who run stalls on railway stations. There is no need for sympathiser members. The responsibility for organising these cooperatives will have to be assumed by the railway administration.

(c) The members themselves will not initially be able to take shares of substantial value. A system of compulsory monthly share deposit at the rate of 5% of the earnings of each vendor should be introduced. The administration should subscribe Rs. 25,000 towards share capital on a matching basis which may be retired over a period of 15 years, the retirement commencing from the fifth year.

(d) The railway administration should provide a manager subsidising his cost on a tapering scale for 4 years as 100% in first year, 75% in the 2nd year, 50% in the 3rd year and 25% in the 4th year and from 5th year onwards the cost will be borne in full by the society.

(e) (i) Wherever vendors' cooperative societies have been organised, no contractors should be appointed to carry on vending and as and when vending cooperatives come up, the existing departmental catering and vending should also be transferred to the cooperatives.

(ii) In the initial stages for a period of 5 years, the vendors cooperatives should be charged nominal rent for office premises as well as fixtures and fittings and kitchen equipment. After the society has been full established, reasonable rent should be charged. The railway administration should ensure that unhygienic accommodation is not given and the equipments supplied are of standard quality.

(iii) Licence fee should be calculated on an average for the past three years.

(iv) In case of termination of contract which should

be with the approval of the Railway Board in each case, departmental catering may be taken up and in no case should the contract be given back to a private contractor.

(v) As the entire scheme will be implemented through the agency of the railway administration, there is no need to accept any security deposit from the cooperatives.

There may be about 8,000 to 10,000 vending points on all the railways, besides 400 to 450 refreshment rooms and restaurants. There will be enough scope for the formation of about 300 cooperatives of vendors and caterers. The railway administration will have to work out a detailed programme for organisation of these societies and to strengthen the cooperative wing in the Railway Board for promotion and supervision of these societies. It may also be necessary to work out training arrangements for a cadre of managers of vendors cooperatives in consultation with the committee for Cooperative Training.

When sufficient number of cooperatives of vendors are formed one each railway, it should be possible to set up a federation for such regional federations, each railway should have an advisory committee with the Chief Commercial Superintendent as Chairman.

Contractors are given by the railway for loading and unloading of goods, parcels, coal, for picking up cinders etc. In spite of the positive policy adopted by the Railway Board, the share of the cooperatives in handling the work is not significant. These labourers constitute the under-privileged section of the community and the only method of increasing their earnings is to eliminate contractors and form them into cooperatives. The organisational pattern and financial assistance should be as follows:

(a) A composite type of society should be organised at a station or a group of stations for taking up all types of work. Different items of work can be done by different groups of labourers and the wages should be paid according to the customary rates. A society with 100 members which can handle contracts of the value of about Rs. 10,000 a month should be a viable unit.

(b) The responsibility for organisation of such societies will have to be taken up by the railway administration itself. The assistance of the social service organisations like Bharat Sewak Samaj and Rama-Krishna Mission may be obtained wherever possible.

(c) The society should have a good and efficient manager-cum-accountant. It may be possible to depute some railway staff for this purpose. The pay of the manager may be subsidised by the railway administration for the first 4 years on a tapering scale as 100% in first year, 75% in 2nd year, 50% in 3rd year and 25% in the 4th year.

(d) Share capital is required by the society for employment of casual workers and for payment of security deposits. The railway administration might contribute Rs. 2,500 on a matching basis, retirement of which may commence after 5 years.

(e) (i) As the railway administration is associated with the working of the societies, security deposit at the rate of 5% may be obtained from the cooperative instead of at 10% as at present.

(ii) The railway administration should allot some office space to the society at nominal rent. The administration should also provide a proper shed so that the workers may rest, relax and take their mid-day meal.

(iii) The scale of demurrage should be reduced suitably.

(iv) The railway administration should permit station masters and locoforemen to be associated with the management of the societies.

(v) 75% of the bill may be paid as ad hoc advance on presentation, the balance being paid later after scrutiny.

(vi) There is no need to call tenders wherever there is a cooperative society for handling contracts. The value of contract may be fixed in consultation with the society.

(vii) Railway passes should be given to the representatives of the societies to collect labour from other stations.

When sufficient number of cooperatives are organised, a federation of such societies may be formed on each railway. Pending organisation of such federations, advisory boards with the Chief Commercial Superintendent as the Chairman should be set up. A national Federation of all handling contract cooperative societies is also visualised.

The aim should be to organise 200 cooperatives during the remaining years of third plan and in the first two years of the fourth plan. Decasualisation of licensed porters at railway stations was introduced except at Allahabad and Kanpur. If cooperative societies of porters were to be formed, the Railway Administration would be relieved of this responsibility.

In spite of sympathetic attitude of Railway Board, there has been no marked progress in the organisation of labour construction cooperatives for execution of railway works. The pattern of organisation, financial assistance and other facilities to be given to these societies may be as follows :

(i) A labour contract and construction society should have a minimum membership of 50 with prospects of increasing it to 200. The area of operations may be flexible to cover a number of sympathiser members should not exceed one-tenth of the total membership. The casual workers may be admitted as nominal or associate members.

(ii) There may be share capital contribution of Rs. 2,000 on a cadre to be maintained by them. The

average pay of the manager will be about Rs. 200 p.m. and the railway administration may bear the cost on a tapering scale for the first four years. The railway administration should also make an initial advance up to 25% of the value of contract. Further working capital can be obtained from Central Cooperative Banks.

(iii) Unskilled works without any limit and skilled works up to Rs. 50,000 exclusive of the cost of materials should be reserved for labour cooperatives wherever they exist. Some weightage may be given to cooperatives for tenders submitted by them beyond this limit. When skilled works include large components of unskilled work awarded to labour cooperative societies. The schedule of rates should be revised regularly on a rational basis in respect of works entrusted to cooperative societies without calling for tenders. Payment of bills may be ensured fortnightly on completion of each stage of work. Independent tribunals should be set up for deciding disputes that may arise in connection with execution of works and settlement of bills.

(iv) Labour cooperatives should be exempted from payment of earnest money and security deposit.

(v) A Labour Welfare Inspector should be attached to the Civil Engineering Department for ensuring prompt settlement of the bills.

The Welfare Organisation on the railways has to be suitably strengthened and the railway administration should take initiative for the formation of these cooperatives. The assistance of social welfare organisation like the Bharat Sewak Samaj, Ramakrishna Mission might also be obtained in promoting such cooperatives.

400 societies may be formed during the remaining years of the third plan and during the fourth five year plan period at the rate of 50 societies per year. By the end of fourth/five plan, the aim should be to have 500 societies on the railways.

There is no need to form district level federation of such societies. A federation of all labour construction cooperatives working on a particular railway may, however, be necessary. Till such federation comes up, Advisory Committees may be constituted.

A cooperative canteen should aim at providing cheap and whole some meals to its members rather than earn large profits. It must, however, run strictly as a business organisation. The Railway Board are reviewing the question of providing canteen facilities for the staff as a result of the recommendations of the Second Pay Commission and as the Staff Welfare Review Committee report does not cover these employees. Hence no specific recommendations are made in this behalf. However, pending this, the railway administration should examine the cases of cooperative canteens which have not got adequate and proper accommodation and should provide them if necessary by undertaking the construction of

additional accommodation. The existing canteens run by staff committees should be converted into cooperative societies, as registered societies will have a definite advantage in respect of audit etc. by the cooperative department. Canteens run by contractors and the departmentally managed canteens may be converted into cooperative societies. A phased programme of cooperativising the canteens may be drawn up and completed in the next three years.

There is some surplus land all along the railway line to meet the demands of future expansion. With the increased emphasis on Grow More Food, these lands are leased out for growing food crops subject to certain conditions by the State Governments. Out of a total 76,588 acres available for cultivation, only 32,046 acres have so far been leased out leaving a balance of 44,542 acres. The State Governments should utilise the available surplus and for increased agricultural production and lease out these lands on a long-term basis to cooperative joint farming societies consisting mainly of landless agricultural labourers organised for this purpose.

There are about 250 out agencies on Indian railways for carrying goods and parcels to places not connected by rail. It is possible to work these contracts through existing transport cooperatives. Preference should be given to genuine transport cooperatives over the contractors in the operation of the out-agencies.

The railway administration is running handicraft centres for providing part-time employment to wives of railwaymen, the expenditure on this being met from the staff benefit fund. These centres are run departmentally. The railway administration can relieve themselves of a part of their responsibility by cooperativising these centres wherever possible. The administration may provide working shed at nominal rent to cooperative working shed besides managerial personnel.

#### **Cooperative Credit Societies under the P.&T. Department.**

An administrative unit in the P.&T. department comprises of a division and there are 266 such divisions. It should be the aim to organise one society per division. On this basis, there is need for organising 150 new societies besides reorganising the existing societies so as to avoid overlapping of jurisdiction.

The recommendations 1 to 4 will apply to the credit societies of P.&T. employees also.

The credit societies can take up the work of providing fidelity guarantee bonds for their members. They can also undertake life insurance business as an agent of the Life Insurance Corporation.

In the initial stages, not exceeding three years of the divisions or one of the senior officers may function as Chairman of the society so as to help its growth. The

recommendations No. 6 and 10 apply to cooperative societies of P.&T. also.

Thrift deposits should be introduced in all the societies on the scale as recommended for societies of railway employees and they should maintain fluid cover as per recommendation No. 11.

On the railways, the societies keep a part of their funds with the Chief Cashier and Pay Master against which cheques are encashed from the station earnings. The P.&T. administration may examine whether similar arrangements can be evolved for P.&T. credit societies so that the members are spared the burden of paying money order commission both at the time of securing and repaying the loans.

The preparation of recovery statement every month involves considerable labour. This should be dispensed with and the recovery may be incorporated in the acquittance roll itself as is done in the case of societies on railways.

Consequent on reorganization of states and the postal circle, there are some difficulties in recovering dues of members transferred outside the state. Till the legal position is cleared, the P.&T. department should extend fullest cooperation in this behalf.

Cooperative credit societies formed in the backward areas may require financial assistance from the Government. In suitable cases, a working capital loan up to Rs. 15,000 free of interest may be advanced recoverable in a period of ten years. The P.&T. administration should continue to spare the services of their staff on deputation to such societies.

The Welfare organisation of the P.&T. department should be suitably strengthened by taking a few inspectors from the state cooperative departments for exercising proper and adequate supervision on them. Alternatively, the existing welfare inspectors may be trained in Cooperative principles.

#### **Consumers' Cooperatives for P. & T. Staff**

Unlike on railways, there are no established colonies for P.&T. staff hence consumers' cooperative stores in residential areas cannot be organised for them. The stores have to be located in the places of work until the P.&T. colonies come up.

A centrally sponsored scheme been launched for organisation of consumer stores in different cities and towns with a population 50,000 or more. Under another scheme, the primary marketing cooperative societies are assisted for supplying consumer articles to village societies. The Ministry of Home Affairs have approved a scheme of setting up one central cooperative stores of Central Government employees at Delhi and the scheme is likely to be extended to other major cities. The staff of



the P.&T. department may take advantage of all these schemes.

There may be group of postal employees living in outlying areas which may not be served by any consumers' stores. They should be encouraged to join the nearest consumer stores by arranging a system of home delivery, the cost being met by a surcharge on prices.

In areas covered by public sector undertakings, consumers' cooperative stores will be set up as per the decision communicated by the Ministry of Commerce and Industry.

The P.&T staff working in these areas should be encouraged to join these stores.

When the P.&T colonies come up, it should be possible to set up consumers' cooperative stores in every colony having at least 200 houses.

A special survey might be taken up in 1963-64 to collect data about the strength of different offices in each place so as to draw up programme of organisation of independent consumers, cooperative stores of P.&T. employees. On the basis of this survey, action might be taken to set up consumers' cooperative stores during the remaining years of third plan.

Adequate accommodation is to be provided to the stores and where accommodation is not available new buildings may be constructed so as to provide a minimum of 1,000 sq. ft. floor area.

The pattern of financial assistance should be same as indicated in recommendation No. 30, besides managerial subsidy on a tapering scale for 4 years.

It is not practicable to set up a separate whole sale store for P.&T. employees. The retail stores should be affiliated to the wholesale societies set up for the general public.

The recommendation No. 23 to 28, 31, 33 and 34 would apply to consumers cooperative stores of P.&T. employees also.

#### **Other Forms of Cooperatives under P. & T. Department**

The P.&T. department assisted three housing societies at Bombay, Madras and Patna. The scheme in operation at Patna considered suitable for adoption in other areas. The administration may also permit the recovery of monthly instalments from pay sheets.

The recommendation No. 36 applies to housing coop-

erative societies of the P.&T. employees also.

(i) As the business of canteens involves trading risks cooperative credit societies should not undertake this activity.

(ii) There is no need to run separate canteens for different categories of staff and they should amalgamated into one wherever necessary.

(iii) Contract system should be abolished and the canteens should be cooperativised.

(iv) The P.&T. administration should not provide less financial assistance than the scale recommended for other Central Govt. employees by the Ministry of Home Affairs.

#### **Administrative Arrangements for Organisation and Supervision**

The programme of organising different types of cooperative societies during the third and the fourth five year plan period is fairly large and beyond the capacity of the existing machinery to handle. The Labour and Welfare Adviser who is of the status of Director is attending to labour welfare and cooperative department who should at least be of the rank of the Joint Registrar. Assistance from a few technical assistants will also be necessary to handle all technical matters relating to cooperation. On the bigger railways, a post of class I officer of the rank of senior personnel officer should be created and should be manned by an officer of the status of Joint Registrar or Deputy Registrar taken from the state cooperative department. On the North-eastern and North-east Frontier Railways, a post of class II officer should be created and manned by officers taken from the state cooperative department. At the divisional level, a cooperative inspector should be provided in the welfare organisation.

Similarly, a senior officer of the rank of Joint Registrar from the cooperative department might be taken by the Director General, P.&T. at headquarters. It will be necessary to provide one cooperative inspector in each Post Master General's circle and other circles, the pay scale being Rs. 300-20-400. No changes in the existing cooperative Societies Acts are necessary. The present arrangement for audit and inspection by the Registrar of Cooperative Societies should continue.

# CENTRAL WAGE BOARD FOR THE COAL MINING INDUSTRY, 1962—REPORT

New Delhi, Ministry of Labour, Employment and Rehabilitation,  
Department of Labour and Employment, 1967. 2 Vols.

Chairman : Shri Salim M. Merchant.

Members : Shri P. R. Chakravarti; Shri S.S. Marathe;  
Shri Rasiklal Worah; Shri R. Lall; Shri  
Kanti Mehta; Shri Devan Sen; Shri J. G.  
Kumaramangalam; Dr. Mrs. Maitreyee  
Bose.

Assistant

Secretary : Shri K. S. Rama Iyer.

## APPOINTMENT

In pursuance of the recommendations made in para 25 of the Chapter XXVII of the Second Five year Plan, and in para 30 of Chapter XV in the Third Five Year Plan, the Government of India in the Ministry of Labour and Employment has by two Resolutions, Nos. WB-16 (1) 62 of the 10th August and 17th October 1962, respectively Constituted a Central Wage Board for the Coal Mining Industry of India.

## TERMS OF REFERENCE

(a) To determine the categories of employees (Manual, clerical, supervisory, etc.) who should be brought within the scope of the proposed wage fixation.

(b) To work out a wage structure based on the principle of fair wages as set forth in the report of the Committee on Fair Wages.

## Explanation

In evolving a wage structure, the Board should, in addition to the considerations relating to fair wages, also take into account :

- (i) The special features of the coal mining industry;
- (ii) The needs of the industry in a developing economy;
- (iii) The impact of the wages structure so evolved, on the cost of production of coal and ultimately the effect of this on various industries consuming coal;
- (iv) The need for adjusting wage differentials in such a manner as to provide incentives to workmen for advancing their skill; and
- (v) The desirability of extending the system of payment by results.

In applying the system of payment by results, the Board shall keep in view the need for fixing a minimum

(fall-back) wage and also to safeguard against over work and undue speed.

(c) To consider demands of labour for an immediate interim wage increase pending submission of the final report.

(d) To consider the demand for the introduction of a gratuity scheme on an industry wise basis.

## CONTENTS VOL. I

Introductory; Interim Wage Increases; Coal Industry and Plan Targets, Scope of Inquiry; History of Wage Fixation; Principles of Wage Fixation; The Minimum Wage; Our Wage Structure; Outlying Coalfields and ancillary Undertakings; The Coal Mines Bonus Scheme 1948; Gratuity; Allowances including Shri Kumaramangalam's supplemental Note; Leave and Railway Fares; Contract Labour and C. R. O.; Other Matters; Impact on Costs and on other industries including Kumaramangalam's note; Explanation; Conclusions and Acknowledgements; Summary of Recommendations; Vol. II :— Appendices from I to XIX.

## RECOMMENDATIONS

### Interim Wage Increases

The Board unanimously recommended two interim wage increases, the first of Rs. 0.37 paise per day or Rs. 9.75 per month with effect from 1st March 1963 and the second of Rs. 0.19 paise per day or Rs. 4.87 per month with effect from 1-10-1965. Both these recommendations were accepted by Government, and as a consequence Government raised the selling price of coal by Rs. 0.81/82 paise per tonne in the first instance and by Rs. 0.41/41 paise in the second.

### Scope of Enquiry

The Neyveli Lignite Corporation was excluded from the scope of the reference to the Board by Government's decision dated 18-12-1962 (para 6).

The reference would cover all employees in the coal mining industry who fall within the definition of the term "Workmen" in Section 2(s) of the Industrial Disputes Act 1947 (Act XIV of 1947) including miners and other sirdars (Para 2).

The ancillary undertakings, departments, offices and establishment whose workmen would come within the

scope of the Board's enquiry are listed in paras 3 and 5.

### Minimum Wage

The Board is of the opinion that the minimum wage of category I surface worker of Rs. 5 per day at All India Average Working Class Consumer Price Index Number 166 (Base 1949=100) would be fair and reasonable. Inclusive of bonus payment at the rate of 10 per cent of basic pay pro-rata on attendance, the lowest paid category I surface worker will be entitled to Rs. 5.50 per day or Rs. 143 per month (Paras 24 and 25). Shri Worah, however, had his reservations on payment of bonus pro-rata on attendance.

**Scheme of Dearness Allowance** "For every point's rise over the Index No. 166, to which the Board's wage structure is linked, the dearness allowance shall be 3 paise per day. The method of calculation of the Index shall be on the basis of the average of six months; i.e. from January to June and July to December, in each year and the adjustments will be made on 1st October and 1st April each year respectively as at present. If there are fractions in the average the next higher integer will be taken."

The Board has made it clear that if there is a fall in the average cost of living Index No. for any period of six months from the average Index No. for the previous period of six months, the dearness allowance will be reduced to the extent of such fall at the rate of 3 paise per point per day, but not if the Index No. falls below 166 (Para 28).

### Our Wage Structure

#### A. Time Rated Categories

The existing are the scales of pay for the six daily rated categories (Para 15), as shown in Appendix V.

The following are the scales of pay for the six daily rated categories at All India Average Working Class Consumer Price Index No. 166 (Base 1949=100) (Para 19).

Categories	Daily Increment wage	Daily period wage	Attendance Bonus
	Minimum	Minimum	
I	5.00	0.10	6.00 10 years +10%
II	5.35	0.12	6.55 10 years +10%
III	5.90	0.15	7.40 10 years +10%
IV	6.90	0.20	8.90 10 years +10%
V	7.95	0.28	10.75 10 years +10%
VI	10.90	0.40	14.90 10 years +10%

#### B. Collieries of National Coal Development Corporation, Including Categorisation of the Excavation Section, Deep Shaft and Mechanised Mines

Monthly paid staff of the National Coal Develop-

ment Corporation who are at present governed by the Central Pay Commission scales of pay, Railway Rules, Corporation Rules or by other rules should be allowed to opt for the scales of pay and other service conditions recommended by the Board for similar monthly rated staff in the private sector collieries. Such option shall be exercised within 12 months from the date the recommendations of the Board come into effect and the option once exercised shall be final and binding.

The Board recommends the following scales of pay for workmen of the excavation section.

Category E	Rs. 6.75—0.20—8.75
Category D	Rs. 10.75—0.40—14.75
Category C	Rs. 12.00—0.60—18.90
Category B	Rs. 13.50—0.70—20.50
Category A	Rs. 16.00—0.90—25.00

New appointees in category "F" should be given the scales of the clerical grade III, with option to the existing employees to continue in category V daily scale or to opt for the monthly scale. Job descriptions for these categories given in the Award in Reference No. 57 of 1959, should stand. Operators of shovel/draglines of 10 cubic yard capacity and above or dumpers of 45 tonne capacity and above should be given 25 per cent higher wages than what they draw in their present categories.

Daily rated categories of NCDC governed by existing awards will get the scales which are applicable to like categories in the market collieries.

**Shaft Sinking** : The existing scheme (special cadre scheme) should continue with a modification that on adoption of new categories recommended by the Board, the provision should be that initial recruitment should be in new category I and thereafter the workmen should be promoted to new categories III, IV and ultimately to VI. The initial probationary period of 3 months may be extended to another term or terms at the discretion of the management.

**Drifting Mazdoors** : The existing scheme of recruitment should be suitably modified as under :

Initial recruitment will be in category I with provision for promotion after 6 months to category III on the terms indicated the scheme and after a further period of 4 months to category IV in terms of the scheme. Where, however, mechanical loading is employed such workers will be promoted to category V after a further period of 4 months provided they acquire the skill to operate such loaders.

**Winding Engine Khalasis** : On recruitment, Winding Engine Khalasis should be placed in new category IV. They would be promoted to new category V as soon as they are found fit for independent operation of these winders. After further 6 months, they would be promoted to new category VI.

**N. B.**—If the Mines Department introduces a regulation stipulating that winding engine operators must possess Second Class or First Class Certificates before they are authorised to operate winding engines, winding engine operators with Second Class and First Class Certificates should be placed in new categories V and VI respectively.

The above applies to conventional drum type winders. If such operators are asked to operate Koepe winders, they should be placed in technical and supervisory Grade "B" at the minimum of the scale; in the case of smaller Koepe winders up to 5,000 B.O.B. Operators employed on Koepe winders of higher capacity should be given three advance increments in this scale.

**Signal Men :** New category V is recommended for signalmen connected with the operation of these new type winders.

The operators of continuous miners should be given the same scale as has been recommended for Grade "A" in the mechanised excavation mines. For loaders and shuttle car operators, the Board recommends Grade "C" of the mechanised excavation mines. Helpers to all these operators should be placed in new category IV and redesignated as Assistants to the Operators.

**Barkarkhana and Kobra Workshops :** The employees in these workshops should be given the same scales of pay as recommended by the Board for equivalent categories in Excavation Section. For other categories, revision of wages may be done by negotiation at unit level.

### C. Piece-Rated Workers

The Board has classified the piece-rated workers into 5 groups as indicated in para 35.

For these 5 groups, the Board recommends the following wages structure with its fall-back wage (minimum guaranteed wage) for each group, as shown below at the All India Average Working Class Consumer Price Index Number 166 (Base 1949=100) :—

	Basic Wage Rs.	Fall-Back Wage Rs.
Group I	5.25	5.00
Group II	5.40	5.00
Group III	5.90	5.25
Group IV	6.00	6.00
Group V	6.75	6.00

The Board recommends the following work-loads for earning their group-wage :

Pick Miner—1 tub of 36 cft. or 36 cft.	} Fixed by Majumdar Tribunal and modified by L. A. T.
Machine Loader—2 tubs of 36 cft. or 72 cft.	
Quarry Pick Miner—1.1/6 tubs or 36 cft. or 42 cft.	

Quarry Miner—1.2/3 tubs of 36 cft. or 60 cft.

Drill Coal Miner—1.1/2 tubs or 36 cft. or 54 cft.

Quarry Loader—2.1/3 tubs of 36 cft. or 84 cft.

C. P. Miner—1.1/3 tubs of 36 cft. or 48 cft. (as fixed by L. A. T.)

**Wagon Loader**—Workload same as fixed by L. A. T. i.e. 22 tons per gang of 5 wagon loaders in an eight hour shift.

The Board recommends the following progressive reduction in the workloads of the outlying areas for earning their group wages :

At present	Revised workloads recommended
(a) Where workload is 90 cft. or less	72 cft.
(b) Where workload is more than 90 cft.	90 cft. immediately 81 cft. after 1 year and 72 cft. after 2nd year

Sarvashri Lall and Worah, however disagreed and were of the opinion that the existing workloads in the outlying areas should continue.

### D. Clerical Staff And Their Scales

The following are the scales of pay for clerical staff at the All India Average Working Class Consumer Price Index No. 166 (Base 1949-100)

Grade III-Rs. 180-5-230-7-265 plus 10% attendance bonus.

Grade II-Rs. 205-7-275-10-325 Plus 10% attendance bonus.

Grade I-Rs. 245-10-325-15-385 Plus 10% attendance bonus.

Special Grade-Rs. 305-15-425-20-505 Plus 10% attendance bonus.

Shri Rasiklal Worah, however, disagreed on bonus being earned pro-rata on attendance (Para 15).

### E. Technical And Supervisory Staff

The Board has decided that the Technical and Supervisory staff should be divided into eight grade (A to H) and recommend the following pay scales at the All India Average Working Class Consumer Price Index No. 166 (Base 1949-100).

Grade A-Rs. 405-20-605-25-730

Grade B-Rs. 305-15-395-20-575

Grade C-Rs. 245-10-305-15-440

Grade D-Rs. 205-7-247-10-337

Grade E-Rs. 180-5-210-7-273  
 Grade G-Rs. 146-3 176-4-184  
 Grade H-Rs. 140-3-170-4-178 (Para I)

The Board recommends the following pay scales for the Grades mentioned above in respect of the different categories in the various departments as given below :

#### Mining Department

Existing designation with Basic Scales of Pay	New Designation	Grade	New Consolidated Basic Scale of Pay
Head Overman Senior Overman Overman-in-Charge Rs. 85-5-150-200	Head Overman	B	Rs. 305-15-395-20-575
Overman Rs. 75-5-105-6-111	Overman	C	Rs. 245-10-305-15-440
Mining Sirdar Class I Rs. 55-3-85	Mining Sirdar Class I	D	Rs. 205-7-247-10-337
Mining Sirdar Class II Rs. 52-3-73			
Mining Sirdar Class II Rs. 46-3-61.			
Mining Sirdar Class IV Rs. 43-3-52	Mining Sirdar Class II	E	Rs. 180-5-210-7-273
Shotfirer Rs. 43-3-52	Shotfirer	E	Rs. 180-5-210-7-273

The existing incumbents in the categories of Deputy Overman, Junior Overman or Assistant Overman in the existing scale of Rs. 65-5-95 will be placed in grade D and will start at Rs. 226 in that scale, in other words their pay scale will be Rs. 226-7-247-10-337.

#### Survey Department

Existing designation with Basic Scales of Pay	New Designation	Grade	Revised consolidated Basic Scales of Pay
Surveyor Rs. 95-10-205 ...	Surveyor	A	Rs. 405-20-605-25-730
Asst. Surveyor (qualified) ...	Asst. Surveyor (qualified)	C	Rs. 245-10-305-15-440
Rs. 50-4-90-5-100.	Ass. Sureveyor (unqualified)	E	Rs. 180-5-210-7-273
Asst. Surveyor (unqualified) ...			
Rs. 40-3-52-4-76	Tracer	E	Rs. 180-5-210-7-273
Tracer Rs. 40-3-52-4-76 ...	Tracer	E	Rs. 180-5-210-7-273
Head Chairman ...	Head Chairman	E	Rs. 180-5-210-7-273
Ferro-Printer Rs. 30-1-40-2-46 ...	Ferro Printer	F	Rs. 165-4-205-5-230
Chairman Rs. 30-1-34 ...	Chairman	F	Rs. 165-4-205-5-230

#### Engineering Department

Existing Designation	New Designation	Grade	New Consolidated Basic Scales of Pay
1	2	3	4
1. Electrical Supervisor Electrical Chief-Foreman Electric Sr. Foreman Electrical Foreman-in-Charge.	Foreman-in-Charge Technical	A	Rs. 405-20-605-25-730
2. Mechanical Chief Foreman. Senior Mechanical Foreman Foreman-in-Charge (Mechanical)	Foreman-in-Charge Mechanical	A	Rs. 405-20-605-25-730
3. Head Electrical Foreman Electrical Foreman Electrical Chargeman	Electrical Foreman	B	Rs. 305-15-395-20-575
4. Head Fitter	Head Fitter	B	Rs. 305-15-395-20-575

(Contd.)

1	2	3	4
5. Foreman Mechanical Chargeman Mechanical	Mechanical Foreman	B	Rs. 305-15-395-20-575
6. Asst. Foreman Elec/Mech ; or Junior Asst. Chargeman Shift-in-Charge Elec/Mech. Asst. Electrician.	Asst. Foreman Electrical/ Mechanical.	C	Rs. 245-10-305-15-440
7. Asst. Head Fitter.	Asst. Head Fitter	C	Rs. 245-10-305-15-440

#### Medical Department

Existing Designation	New Designation	Grade	New Consolidated Basic Scales of Pay
Doctor (M.B.) Rs. 200-20-300-25-400	Doctor (M.B.)	A	Rs. 405-20-605-25-730
Doctor (L.M.F.) Rs. 103-10-150-15-210	Doctor (L.M.F.)	B	Rs. 305-15-395-20-575
Nursing Graduate of Senior Trained Nurse (with or without Midwifery Certificate) Rs. 75-5-110-6-134.	Senior Trained Nurse or qualified Midwife.	C	Rs. 245-10-305-15-440
Compounder qualified Rs. 60-5-90	Compounder qualified	D	Rs. 205-7-247-10-337
	Creche Nurse Registered		Rs. 205-7-247-10-337
	Pharmacist.		Rs. 205-7-247-10-337
	Junior Trained Nurse	D	Rs. 205-7-247-10-337
Compounder (unqualified) Rs. 45-3-75	Compounder (unqualified) Nursing Orderlies (untrained or apprentices nurse) Operation Theatre Assistant.	E	Rs. 180-5-210-7-273
	Dai-unqualified Midwife.	E	Rs. 180-5-210-7-273
Dressers, Ward boys, Vaccinators Rs. 28-1-45	Dressers, Ward boys Vaccinators.	H	Rs. 140-3-170-4-178
Creche Ayahs Rs. 28-1-30	Creche Ayahs	H	Rs. 140-3-170-4-178
Doctors (L.M.F.) with six or more years service in a colliery or group of collieries under the same management should be placed in Grade A in the pay scale of Rs. 405-20-605-25-730.			
	Watch and Ward Staff Head Chowkidar Havildar Jamadar Head Peon Head Watchman Head Guard	F	Rs. 165-4-205-5-230
Night Watchman Rs. 30-1-42 Watchman, Peon, Chowkidar, Chaprasis Rs. 28-1/2-30-1-40	Night Watchman Watchman Peon Chowkidar Chaprasis	G	Rs. 146-3-176-4-184
		H	Rs. 140-3-170-4-178

#### Canteen Staff

Existing Designation	New Designation	Grade	New Consolidated Basic Scales of Pay
Canteen Supervisor or Manager Rs. 48-3-57-4-93	Canteen Supervisor or Manager	CI	Rs. 205-7 275-10-325
Asst. Supervisor or Asst. Manager Rs. 43-3-82	Asst. Supervisor or Asst. Manager	CI. III	Rs. 180-5-230-7-265
Canteen Cooks Rs. 30-87-2.08-43-35	Canteen Cook	F	Rs. 165-4-205-5 230
Canteen Boy Rs. 27.62-0.78-32.30	Canteen Boy	CI. II	Rs. 140-3-170-4-178

# Teacher

Existing Designation	New Designation	Grade	New consolidated Basic Scales of Pay
	Graduate Teachers		Rs. 245-10-325-15-385
Matriculate Trained Teachers	Matriculate Trained teachers	Cl. I Cl. II	Rs. 205-7-275-10-325
Matriculate untrained or non-matriculate trained teachers Rs. 43-3-82.	Matriculate untrained teachers, teachers or non-matriculate trained teachers.	Cl. III	Rs. 180-5-230-7-265
Non Matriculate untrained teachers Rs. 40-2-52	Non-Matriculate untrained teachers.	F	Rs. 165-4-205-5-230
Welfare Officer	The Board recommends	A	Rs. 405-20-605-25-730

The above scales are the lowest below which no colliery should be allowed to go. In collieries where higher scales of pay than what the Board has recommended are prevailing they shall be continued and the Board trusts they will be further improved upon. Shri Worah had his reservations on the recommendation.

The above scales are basic pay scales and in addition the staff be entitled to dearness allowance, attendance bonus at 10 per cent of basic pay and other allowances to which they are entitled.

## Section-F

The Board has devised the undernoted method of adjustment.

### Method of Adjustments

(a) When the total emoluments of the workers as on 1.10.1966 made up of basic wage plus dearness allowance plus variable dearness allowance plus interim wage increases recommended by the Board, is below the minimum of the prescribed wage scale for their category, they shall be brought upto the minimum prescribed by the Board ; if they are in between two stages of their wage scale, they shall be placed at the stage next above in their prescribed wage scale ;

(b) After adjustment as aforesaid the workmen shall be given one increment for every three completed years of service, those with less than three years service not being entitled to any increment.

(c) Those with service of three years and more but less than six years shall be entitled to one increment in the prescribed scale ;

(d) Those with service of six years and more but less than nine years shall be entitled to two increment in the prescribed scale ; and

(e) Those with service of nine years and more shall be entitled to three increments in the prescribed scale.

If by the above method of adjustment the total emoluments of a workman as aforesaid plus the amount of attendance bonus at 10% as proposed by the Board, does not give him an increase of 10% over his total emolu-

ments as computed above plus attendance bonus at the existing rate as if it had been earned, then the following method of adjustment shall be adopted.

To his total emoluments as on 1-10-1966 computed as in para 1 above will be added the full attendance bonus to which he would have been entitled under the existing Coal Mines Bonus Scheme as if it had been earned. The amount so arrived at will be adjusted in the new scale applicable to his category at the nearest point in the scale. On the amount so adjusted in his new scale, he would be entitled to the new attendance bonus at the rate of 10% of his consolidated basic wage/salary.

### Outlying Coalfields And Ancillary Undertakings

**Ancillary undertakings :** In the absence of specific agreement between the parties the Board recommends that its proposed categorisation and wage scales should be made applicable to all employees in the Ancillary Undertakings (mentioned in para 3 of Chapter IV). The fitting of employees into the new scales recommended should be affected at unit level in consultation with the workmen or their representatives, the difference (if any) being settled at unit level.

**Andhra Pradesh :** Coal cutters in this field should be placed in new category IV.

Subject to the board agreements (reached between the representatives of the management of Singareni Collieries and the representatives of the Unions) the wage structure and the proposed categorisation for Bengal and Bihar should be made applicable to the Singareni Collieries Co. Ltd. with necessary modifications and changes, occasioned by their special condition.

**Madhya Pradesh, Orissa And Maharashtra :** Categorisation proposed by the Board for Bengal and Bihar should be adopted in the outlying coalfields of Madhya Pradesh, Maharashtra and Orissa. In the case of specific categories not mentioned in the categorisation proposed by the Board the managements and the unions concerned should at local level, by agreement, fit in such workers in the appropriate categories on the basis of their present emoluments, skill involved and other relevant factors.

Workers employed in private power stations and railways should also be fitted in the proposed categorisation recommended by the Board.

Assam : The existing separate categorisation of surface and underground workers will be replaced by one categorisation for both surface and underground workers and the differential between surface and underground

workmen, will be maintained by a separate underground allowance as in the rest of the country. All time rated daily paid workers shall be placed in six categories as shown in appendix VA with the following basis consolidated scales of pay at All India Working Class Consumer Price Index No. 166.

Categories	Daily wage minimum	Increment	Daily wage Maximum	Period of Attendance and bonus Scale	deferred
	Rs.	Rs.	Rs.		
I	5.75	0.11	6.85	10 years	plus 10%
II	6.15	0.14	7.55	10 years	plus 10%
III	6.80	0.18	8.60	10 years	plus 10%
IV	7.95	0.23	10.25	10 years	plus 10%
V	9.15	0.32	12.35	10 years	plus 10%
VI	12.55	0.46	17.15	10 years	plus 10%

Clerical Staff : Basic consolidated scales of pay at All India Working Class Consumer Price Index No. 166.					
Clerical Grade III	Rs. 205-6-265-8-305 (15 years)			Plus 10% attendance bonus and deferred bonus.	
Clerical Grade II	Rs. 235-8-315-12-375 (15 year)			-do-	
Clerical Grade I	Rs. 280-12-376-16-440 (12 year)			-do-	
Special Grade	Rs. 350-16-430-20-570 (12 years)			-do-	

Technical And Supervisory Staff: Scales of pay at cost of living at All India Working Class Consumer Price Index No. 166.

Grade A...	Rs. 475-20-575-25-825 (15 years)	plus 10% attendance and deferred bonus.
Grade B ..	Rs. 350-16-430-20-630 (15 years)	-do-
Grade C...	Rs. 280-12-340-16-500 (15 years)	-do-
Grade D ..	Rs. 235-8-275-12-395 (15 years)	-do-
Grade E...	Rs. 205-6-235-8-315 (15 years)	-do-
Grade F...	Rs. 190-5-215-6-275 (15 years)	-do-
Grade G...	Rs. 106-4-206-5-216 (15 years)	-do-
Grade H...	Rs. 160-4-200-5-210 (12 years)	-do-

The categorisation and grades will be the same as the ones recommended for the rest of the country. In the case of categories not covered or any other difficulty in categorisation the matter should be settled by mutual negotiation failing which by arbitration or adjudication.

Workers will continue to be supplied with food-grains and other articles at concessional rates as at present.

Scheme of Dearness Allowance: For every point's rise beyond the index number 166, the dearness allowance will be 2.25 paise per point per day or 58.6 paise per month. Other terms and conditions of payment of dearness allowance will be the same as for the rest of the country.

Categories like doctors, surveyors, senior overmen whose existing scales of pay are better and higher than that recommended by the Board should be put in the next higher scale. In cases where even the highest scale may not give some of these employees any benefit the Board recommends that the management should evolve a scale which is higher than the one, they are enjoying, at present, taking into account the general wage increase and the adjustment formula recommended by the Boards.

Price Rated-Workers : The present consolidated ratio should be increased by 23% in the same manner as the Board has recommended for the price-rated workers the rest of the country. The fall back wage of local cutters (whom the Board has been given to understand are the only piece-rated workers in the ARTC) shall be 15% higher than the group fall back wage that has been recommended for similar categories in the rest of the country on a pro-rata weekly basis. In other words the fall back wage will be Rs. 0.90.

Underground Allowance : The rate of underground allowance shall be 10% of the basic consolidated rate with a maximum of Rs. 50 per month. This allowance shall be increased by 1% with a corresponding increase of Rs. 5 per month in the maximum after every 12 months from the date the recommendations of the Board come into effect until it reaches a rate of 15% of the



basic consolidated pay with a maximum limit of Rs. 75 per month. Sarvashri Worah and Lall do not agree with that part of the recommendation which provides for a phased increase of 1% each year.

The allowances for difficult mining conditions which the Board has recommended in Chapter XII of the report should not be extended to workers in Assam. This however does not apply to underground and tub pushing allowance, lead and lift payments and to allowances other than for difficult mining conditions, e.g., officiating allowance, over-time allowance, etc.

#### The Coal Mines Bonus Scheme 1948

The provisions in Para 8 of the Scheme relating to forfeiture of bonus because of participation in an illegal strike, should be removed.

Bonus should become a definite part of the wage of the worker and it should no longer be conditional on a minimum attendance qualification.

The Board recommends that the Bonus should be paid quarterly as hitherto, but prorata on attendance, (Para 27). Shri Worah, however disagreed with the recommendation for payment on pro-rata attendance.

Bonus should be calculated at 10% of the new consolidated basic wage and the same should be paid quarterly pro-rata on attendance to all employees who are

covered by the Board's recommendations and whose new basic pay does not exceed Rs. 730 per month.

#### Gratuity

The Board recommends an industry-wise scheme of gratuity. Such a scheme should be met out of a fund to be created by the levy of a cesson despatches of coal. The scheme should be administered by the Board of Trustees of the Coal Mines Provident Fund or a similar tripartite autonomous body.

Workmen shall be entitled to the payment of gratuity from the cess with effect from 1-1-1967 irrespective of the date from which the gratuity scheme is put into force. All past services shall count for payment of gratuity. Sarvashri Lall and Worah do not agree that the scheme should be introduced with effect from 1-1-1967.

Workmen entitled to the payment of gratuity under an existing scheme shall have the right either to opt for the existing scheme or the scheme of gratuity recommended by the Board.

The Board recommends 60 years as the age of superannuation.

The Board except Shri Worah, who submitted an alternative scheme, recommends the following scheme of Gratuity

#### GRATUITY SCHEME

Events entitling gratuity	Quantum of gratuity payable
1. On death or on physical/mental incapacity whilst in service, which renders the workmen unfit for further service ..	15 days' wages, for each completed years of service, subject to a maximum of 15 months' wages.
2. On superannuation at the age of 60 years...	
3. On voluntary retirement or resignation of—	
(i) surface workmen (ii) underground workmen—	
(i) Surface Workmen—	
(a) Upto 10 years of service ...	Nil
(b) Over 10 years but below 15 years of service ...	10 days' wages, for each completed years of service.
(c) Over 15 years of service ...	15 days' wages for each completed years of service subject to a maximum of 15 months' wages.
(ii) Underground Workmen—	
(a) Upto 5 years of service ...	Nil
(b) Over 5 years but below 10 years of service ...	7 days' wages for each completed years of service.
(c) Over 10 years and below 15 years of service ...	10 days' wages of each completed years of service.
(d) Over 15 years of service ...	15 days' wages for each completed year of service subject to a maximum of 15 months wages.

(Contd.)

N.B.—In the event of a workman (whether surface or underground worker) voluntarily retiring on attaining the age of 50 years or above provided he has put in 5 years' service, he shall be entitled to payment of gratuity at the rate of 10 days' wages for each completed year of service.

#### 4. On termination of service by the employer :

(a) Upto 5 years of service	...	Nil
(b) Over 5 years of service	...	15 days' wages for each completed year of service, subject to maximum of 15 months' wages.

#### Allowances

**Underground Allowances:** Underground allowance shall be paid to all those who are entitled to receive it at present at the rate of 5% of the new consolidated pay with a maximum of Rs. 25 per month. This allowance shall be increased by 1% with a corresponding increase of Rs. 5 per month in the maximum after every twelve months from the date the recommendations of the Board come into effect until it reached the rate of 10% of the basic pay, with a maximum limit of Rs. 50. Sarvashri Lall and Rasiklal Worah do not agree with that part of the recommendation which provides for a phased increase at the rate of 1% each year.

#### Lead and Lift

Distance	Rate
Lead (For tubs of 36 cft to be converted into cubic-metres)	Rs.
0 to 50 ft.	Nil
50 to 100 ft.	0.225
100 to 150 ft.	0.675
150 to 200 ft.	1.125
200 to 250 ft.	1.800
for every additional 50 ft. beyond 250 ft.	0.700
Lift (36 cft. tubs to be converted into cubic meters)	
0 to 10 ft.	Nil
10 to 15 ft.	0.225
15 to 20 ft.	0.425
20 to 25 ft.	0.675
for every additional 5 ft. above 25 ft.	0.450

Managements and Unions at unit level may negotiate of lead payable from 0' to 150' into the tub rate of pick miners and loaders and other price-rated workers to whom lead is payable.

Shri Rasiklal Worah does not agree with the quantum of lead and lift rates or with the distances for which they are recommended.

**Overburden Removal Workers Lead:** For every 50' or part of 50' over the first 100' Rs. 7.30 per 1000 cft of overburden. **Lift—**For every 5' lift or part of 5' over the first 10', Rs. 3.65 per 1000 cft. of overburden.

**Tub Pushing Allowance for Miners :** A consolidated rate of 0.075 per tub of 30 cft. should be paid for every 100 ft or part thereof in excess of the first 100'.

**Stacking and Reloading Allowance :** The general practice of paying the full rate for cutting and stacking coal should be made uniform. For reloading the same rate as for loading machine cut coal should be paid. Two of the employee's representatives are of the opinion that for cutting and stacking 36 cft of coal the rate should be Rs. 4.50 as against Rs. 6 for cutting and loading 36 cft of coal.

**Overtime for Persons Holding Position of Supervision and Management and Doing Confidential Work :** Notification No. GSR 975 should be suitably amended and all such workers whose wages are less than Rs. 500 should be paid at overtime rates when called upon to work overtime. The drivers of cars, trucks and other vehicles shall have the option of overtime as recommended above or to the benefit of existing rates of khoraki payable to them, but shall not be entitled to both. Where the existing practice is to grant both the overtime payment and khoraki, the practice should continue.

**Lead And Lift For Wagon Loaders :** Lead—For every 50' or part of 50' over the first 100' paise per tonne of coal.

Lift—For every 5' lift or part of 5' over the first 10', 15 paise per tonne of coal.

Sarvashri Lall and Worah have disagreed with the recommendation.

**Officiating/Acting Allowance :** Where an employee in a lower category works in the place of a workman of a higher category he should be entitled to payment of officiating allowance which shall be the difference between his wages and the minimum of the higher category, if such minimum is higher than his existing pay. In case by this method of adjustment, he gets less than one increment in the officiating scale, he should be given one increment in that scale. In the event of the existing pay of the officiating workman being higher than the minimum of the higher category in which he works, then his existing pay should be adjusted into the

next higher step in the higher category's scale and he should be given one increment in that scale. Where, however, existing terms regarding payment of officiating allowance are more favourable the same shall be continued.

**Water Seepage/Bailing Allowance :** Miners and/or loaders who are called upon to do the work of bailing mazdoors should be compensated by payment equivalent to the wages of time-rated bailing mazdoor or mazdoors who would have been otherwise required to do the work. The full rates payable to each bailing mazdoor should be equally divided and paid to the gang of miners and/or loaders.

**Dressing Allowance (For Miners and Loaders):** These Miners and Loaders should either be designated as drill coal miners (whom the Board has placed in group IV and for whom it has fixed a workload of 54 Cft) or in the alternative they should be compensated by payment equivalent to wages of time-rated dresser or dressers who would otherwise have been required to do this work. Two of the employers' representatives have their reservations on this recommendations;

**Thin Seam Allowance :** The piece-rated workmen should be paid the following minimum allowances :

(a) For seams of 1 to 1.5 metres thickness : 5% of the consolidated basic rate wage.

(b) For seams of 1 metre and below 10% of the consolidated basic rate wage.

**First Aid Allowance for Workers who Qualify for St. John Ambulance Association Certificate First Aid :** Workmen who are required to obtain such a certificate under a statute or at the behest of the employers should be paid a suitable allowance. Those management which at present paying such allowance should continue to pay it.

**Thick Seam Depillaring Hard Coal/Stone Band Allowance and Steep Gradient Allowance :** Should be negotiated at unit level.

**Surplus Allowance :** Wherever the management cuts wages for shortage, the workmen will be entitled to be compensated for the surplus.

**Bad Ventilation Allowance :** Question of compensation for bad ventilation must be settled at unit level.

**Allowances Claimed by Singareni Collieries Workers' Union, Cycle, Motor Cycle, Typing, Stenographer, Comptometer, Parade, Project and Payment Allowances :** The question of increasing the rate of the allowances should be negotiated between the workers and management.

**Conveyance Allowance :** This demand should be negotiated and settled at unit level.

**Long Distances Walking Allowance :** The Board recommends that this demand should be negotiated at

unit level.

**Night Shift Allowance :** When there is rotation of shifts there is no justification for payment of any extra allowance for night shift working. The representatives of the workmen however contended that coal mining is not a continuous process industry and hence the workers are entitled to Night Shift Allowance.

Sarvashri Lal and Worah had their reservations on some of these recommendations as recorded by them in their separate minute of dissent.

## Leave and Railway Fares—Chapter XIII

The Board makes the following recommendations—

### Leave

**Privilege leave or annual leave with wages (Majority recommendation) :**

(a) A workmen employed underground in a coal mine shall be entitled to annual leave with wages at the rate of one day for every twelve days of work performed by him.

(b) A workman who is employed otherwise than as stated in (a) above shall be entitled to annual leave with wages at the rate of one day for every sixteen days of work performed by him.

**Casual Leave :** Five days paid casual leave in the year with liberty to prefix or suffix casual leave to Sundays, weekly rest days of paid festival holidays should be granted to workmen. (This is a majority recommendation Shri Worah dissenting).

**Sick Leave :** All workmen shall be entitled to 15 days sick leave in the year on full pay or 30 days in the year on half pay with a right to the workmen to accumulate sick leave for a period of 60 days and 120 days respectively, in the entire period of service. (Majority recommendation one member dissenting).

**Paid Festival Holidays :** The existing provision for seven paid festival holidays in the year is adequate and should continue. If, however, any unit is granting more than seven paid festival holidays, it shall be continued.

**Leave Without Pay :** One month's leave without pay in the year should be granted.

**Quarantine Leave :** The provision of the Model Standing Orders, shall stand.

**Paid leave for T.B. Cancer, Leprosy, Mental Diseases, Paralysis and Occupational Diseases like Pneumococcosis, Silicosis etc :** Special leave with pay on medical certificate for at least six months in the first instance should be granted and paid by the Coal Mines Welfare Fund. If within a period of six months it is found that the disease is curable, longer leave should be granted depending on the circumstances of each case.

**Injury Leave :** The question of extending the applic-

ability of Rules 83 and 83A of the Fundamental Rules to the Coal Industry should be gone into by the Industrial Committee on Coal Mining.

**Railway Fare :** The condition of three month's uninterrupted service on return from leave should be rescinded and all workmen should be paid return railway fare within a week of their being allowed to resume duty on return from leave.

Railway Fare concessions should be allowed to be accumulated for a period of two years. The members representing the industry do not agree with this recommendation.

Railway Fares should include boat fares wherever payable.

The class by which the workmen shall be entitled to travel will be as follows :

If the workman's basic wage is Rs. 165 or less per month III Class

If the workman's basic wage is above Rs. 165 and upto Rs. 265 per month II Class

If the workman's basic wage is above Rs. 265 per month I Class

#### Contract Labour and C.R.O.

In the interest of securing social justice and industrial peace the Government should take effective steps for the expeditious implementation of the recommendations of the Dave Court of Enquiry, on the employment of contract labour.

**C.R.O., or Gorakhpuri labour :** The C.R.O. system should be abolished at the earliest in the interest of healthy employer employee relationship. Sarvashri R. Lall and Rasikal Worah, did not agree with this recommendation of the Board.

#### Other Matters

**Incentive Production Bonus :** It would not be within the Board's powers to frame an incentive or production bonus scheme for the whole industry when none exists at present. The Board, however, fully supports the introduction of incentive/production bonus scheme at individual collieries, which should be worked out in consultation with the workmen's representatives. Where incentive or production bonus schemes are existing at present in individual collieries, whether of the public or private sector undertakings, the same shall be continued.

#### Apprentices and Learners

The Government should co-ordinate the existing training programmes and schemes and explore the possibilities of further improving and extending them so as to provide trained and skilled personnel to the coal industry.

Apprentices and trainees, who are not governed by

separate contracts, should receive the minimum wage of the category in which they are asked to work and that in no case should such apprentices and trainees receive less than the minimum wage that the Board has recommended for an unskilled category I workmen.

#### Conversion of Weekly Paid, Time-Rated and the Piece-Rated Workers into Monthly System of Payment

Wherever conversion into monthly system of payment is desired it should be negotiated at unit level.

#### House Rent Allowance

House rent allowance of Rs. 8 per month should be paid from 1st January 1967 to all workmen who are not provided with free housing. Those who are offered accommodation and do not avail themselves of the offer, will not be entitled to payment of the house rent allowance. The three employer's representatives on the Board do not agree with this recommendation.

No house rent should be charged to workers who are provided with housing accommodation.

#### Alternative Light Employment for Disabled Workmen

Government should look into the matter and formulate a proper scheme to ensure that every disabled workman who is capable of performing lighter work is provided with such alternative employment.

#### Free Fuel

Free fuel should be supplied to all workmen in the coal industry. Where such practice does not exist it should be introduced and where free fuel is being supplied, the existing practice, quantity and manner of supply should be continued.

#### Interchangeability

Extension of the practice of interchangeability and team-work is desirable provided (1) it is done in agreement with the workers and their representatives (2) does not result in retrenchment and (3) the workers receive an equitable share of increased productivity. Dr. Mrs. Maitreyee Bose and Shri Deven Sen disagreed with the recommendation.

#### Impact on Costs and Other Industries

The Board has not been able to arrive at an agreed quantitative assessment of likely increase in the costs of production resulting from the wage structure which it has recommended. It is, however, the consensus of the Board that a change in the wage structure of the order recommended in this Report will have some impact on production costs; and it will necessitate a review of coal prices. Such a review is already being undertaken by the Tariff Commission and the extent of

price of adjustment or any other policy changes which might be deemed necessary in the context of the new wage structure will have to be considered and decided upon by Government.

*The employer's representatives disagree with this view and have expressed their views in separate notes.*

#### Conclusions and Acknowledgements

The recommendations on each issues are the minimum below which no colliery management shall be permitted to go. All existing higher and better rates of wages, allowances and amenities which are more favourable than those recommended shall be protected.

All recommendations, unless otherwise specifically stated, shall come into force from 1st January 1967.

The employer's representatives do not agree with this recommendation.

If the recommendations come into effect from 1st January 1967 or on any subsequent date before 1st April 1967, the workmen should get dearness allowance on cost of living index No. 177, which is the average of the first 6 months of 1966. This would work out to 33 paise per day or Rs. 8.58 per month. The dearness allowance will again be revised on 1st April 1967 and further every 6 months thereafter as earlier recommended by the Board. If, however, the recommendations come into effect on or after 1st April 1967 the workmen should get dearness allowance on the basis of the average cost of living index No. of the second half of 1966.

## COLLISION OF NO. E. 160 UP AND THE REAR OF E. 158 UP AT SAIDAPET STATION (SOUTHERN RAILWAY) ON 9TH NOVEMBER, 1962—REPORT

Delhi, Manager of Publications, 1967. 18p.

One Man Commission : Shri H. S. Hart,

#### APPOINTMENT

The Commission was constituted under the Ministry of Transport and Aviation (Commission of Railway Safety) in accordance with Rule 9 of the Railway Board's Notification No. 1926-T, dated the 19th March, 1930.

#### TERMS OF REFERENCE

To inquire into the collision of E. 160 up with the rear of E. 158 Up at Saidapet Station the Madras Beach-Tambaram Electrified Suburban Metre Gauge section of Southern Railway at about 18-25 hours on the 9th November 1962.

#### CONTENTS

Summary; Inspection and Inquiry; Preamble (Description of the accident; Casualties; Composition of the trains; Damage; Number of Passengers; Weather Conditions); Relief Measures (Medical Assistance; Restoration of Communications); Local Conditions; (Description of the locality; Method of Working; Description of the Up line from Guindy to Saidapet; Appendix G; Permissible Speeds); Summary of Evidence; Observations and Tests; Discussion (Time of the Accidents; Condition of the Signals; Conditions govern-

ing the passing of an Automatic Signal in the 'Or' position; Speed of E. 160 Up at the time of collision; Condition of the breaks of E. 160 Up; Effect of the 'dead' section on observance of General Rule 277; 'Responsibility of the Motorman of E. 160 Up; Responsibility of the Guard of E. 160 Up; Protection of a train Stopped in an automatic signalling section; Responsibility of the Guard of E. 158 Up; Responsibility of the Assistant Station Master, Saidapet; Responsibility of the Gateman at level Crossing No. 12); Conclusions; Recommendations made by the Commission of Railway Safety in connection with collision of E. 160 Up with the rear of No. E. 158 Up at Saidapet Station on the Madras-Beach-Tambaram Electrified Suburban (M. G.) Section of the Southern Railway on 9th November, 1962; Annexure I.

#### CONCLUSIONS

##### Cause of the accident

From the evidence available, I have come to the conclusion that the collision of E. 160 Up with the rear of E. 158 Up at Saidapet station on the Madras Beach-Tambaram Electrified Suburban Metre Gauge section of the Southern Railway at about 18-25 hours on the 9th November, 1962, was due to the failure on the part of the Motorman of E. 160 Up, to control his train.

The failure on the part of the Guard of E. 158 Up to protect the rear of his train in accordance with prescribed rules also contributed to the accident.

#### Responsibility for the accident

(i) The Motorman, Shri C. G. Sampson, of E. 160 Up was directly responsible for the accident, in that he failed to control his train and did not comply with the rules prescribed for passing an automatic stop signal in the 'ON' position, breaching General Rule 277 and subsidiary Rule 277.

His responsibility should be viewed in the context of the following unfavourable circumstances obtaining at the time.

(a) E. 158 Up having stopped not at Saidapet station platform; as might have been expected, but off the platform and to the rear of it.

(b) The rear of E. 153 Up not having been protected.

(c) Visibility ahead of Level Crossing No. 12 immediately in the rear of E. 158 Up being restricted

(d) The necessity for his train having to gain sufficient momentum before approaching level Crossing No. 12 in order to clear the 'dead' section—he had failed in this 'dead' section on two previous occasions which had made him over anxious to ensure that he did not fail a third time, particularly as the "peak-hour" rush was on.

This Motorman, aged 43 years, was originally recruited as a Temporary Labourer in May 1947, and worked his way up, having been promoted as a Temporary Motorman in May 1959. He has a fair record of service, having been only punished thrice as detailed below :

January 1957—Promotion withheld for 3 months for derailing a train while shunting.

June 1957—Annual increment withheld for 1 year for derailing a train while shunting.

August 1962—Annual increment withheld for 3 months for failing to cut out a defective pair of motors while working a train.

He was last certified medically fit in Class A, in January 1960, and had more than 24 hours rest before coming on duty.

His evidence was given in a straight forward manner.

(ii) The Guard of E. 158 Up, Shri M. S. Ramanjulu was also in part responsible for the accident in that he failed to protect the rear of his train even though it had been standing at Saidapet Station for more than 5 minutes before the accident occurred. He thereby breached General Rule 230.

His responsibility should be viewed in the context of the fact that the "peak hour" rush was on, and he was expecting the power to come on at any minute after which his train would normally have left the Station after E. 156 Up.

This Guard, aged 46 years, was originally appointed as a Temporary Porter in September 1937, first promoted as a IV Class Guard in January 1945, and had been working as a 'B' Grade Guard since July 1959.

His record of service is hardly fair and he has had the following adverse entries made in his service record since 1957.

August 1957—Censured for unauthorised absence.

July 1953—Censured for failing to padlock a Brake-van with parcels.

September 1959—Failed in Guard's refresher course.

March 1961—Annual increment withheld for 6 months for threatening Station Master, Tambaram.

September 1961—Annual increment further withheld another 3 months for not being readily available to work trains.

He was last certified medically fit in Class A-2 (with glasses for reading only) on 20-6-1962, and had more than 24 hours rest before coming on duty.

His evidence was given in a straight forward manner.

#### Relief arrangements

I am satisfied that these were prompt and adequate.

## THE EXPORT SECTOR COMMITTEE ON AGRICULTURAL COMMODITIES AND AGRICULTURE BASED INDUSTRIES, 1962—REPORT

New Delhi, Ministry of Commerce, 1965. 287p.

Chairman : Shri V. Shankar  
Members : Shri A.D. Pandit; Shri P.L. Tandon;  
Shri P.A. Narielwala; Shri M.N. Pittie;

Shri C.V. Mariwala; Shri S.R. Nanawati;  
Shri P.B. Kurup; Shri D.P. Goenka;  
Shri Ram Das Kila Chand; Shri Madan

Mohan Ruia ; Shri Charat Ram ;  
Dr. J.S. Patel ; Dr. S.M. Sikka ; Shri  
L. Sahai (retired replaced by Dr.  
P. Bhattacharya ; Shri G.P. Kane ; Shri  
N.P. Chatterjee (replaced by Shri R.T.  
Mirchandani) ;

Member Secretary : Shri F.C. Gera.

## APPOINTMENT

The Export Sector Committee of the Board of Trade decided at its meeting on the December 5, 1962 to set up a number of Study Groups to carry out an intensive study of the Commodities that figure in India's export trade. So the Study Group (Export Sector) on Agricultural Commodities and Agriculture based industries was Constituted Under Ministry of Commerce on December 5, 1962.

## TERMS OF REFERENCE

(i) To review the export targets of different commodities an envisaged in the Third Five Year Plan and the Fourth Five Year Plan.

(ii) To identify different commodities which have a reasonable export potential and increasing future possibilities of exports. For the production of such quantities of these products, the Committee would examine the existing structure of different agricultural products and industries and may recommend, inter alia.

- (a) Diversification wherever necessary of the existing units ;
- (b) Establishment of new capacities either in the existing industrial units or as entirely new units. Economics of scale will be specially considered and prescribed by the Committee ;
- (c) Special advantages of suitable locations for different items of exports ;
- (d) Advantages and rationalisation of transport facilities with respect to specified export commodities, and
- (e) Measure to increase productivity in agricultural commodities which have a prominent export angle and also measures for improving the production, quality, grading and marketing of such agricultural commodities which are likely to play a prominent role in exports.

(iii) To review the different incentives granted under the Export Promotion Schemes and to make suitable recommendations as to the manner and quantum of such incentives that may be granted as a packet, if found more desirable to the Export Sector Commodities and Industries.

(iv) To study and recommend, in order to maximise export earnings of different commodities, the formula-

tion of suitable export houses, export agencies, export complexes, firms and organisations, involving different treatment for different commodities viz, canalisation through one or few selected organisations or agencies, prescribing floor and/or ceiling prices.

(v) To undertake specific studies of the overseas demand and the potentialities of growing markets as well as threat of substitutes for our traditional goods developing in foreign markets.

(vi) To study the possibilities of further processing and manufacturing out of such articles as are today made in foreign countries from exported raw materials and semi-processed goods from India.

## CONTENTS

Preface ; Fundamental problems and policies ; Oilseeds, Vegetable oils and Oilcakes ; Sugar and its by-products ; Cashew Kernels ; Tobacco, Spices other than Cardamoms ; Raw Cotton, Raw Wool ; Fish and products ; Lac ; Natural gums and Resins ; Onions ; Raw Jute ; Essential oils ; Meat and its by-products ; Fruits and fruit Vegetable products ; Walnuts ; Pulses ; Animal (including sheep) Cansings ; Potatoes ; Cocoa products ; Garlic ; Dairy products ; Sisal fibre Repacking of dates and dry fruits ; Concluding remarks.

## RECOMMENDATIONS

### Role Of Foreign Trade

Foreign trade, besides earning valuable and indispensable foreign exchange, strengthens the news of economic development in several ways. It gives a fillip to transport, shipping, insurance, banking and other economic activities. A target of Rs. 5,100 crores has been adopted for exports in the Fourth Plan period. To achieve this, exports will have to be stepped up by about 40 per cent during the Fourth Plan period.

Import substitution and export expansion have to be among the most important planks of our growth policy. Even afterwards a careful check will have to be kept on foreign trade trends to ensure that there is no unhealthy drain of our foreign exchange resources.

The rise in our exports has been much slower than that in our national income and in imports. It also compares unfavourably with that of other countries and the world average. The year 1958-59 makes a turning point in the matter of our export performance. Since then not only have our exports risen by about 37 per cent but our imports have also been kept in check.

## Agricultural Exports

**Importance :** Agriculture being by far the most important industry in India agricultural products account for over forty per cent of our average annual exports. If we add the agricultural content of the manufactures, the share of the agricultural sector will become much larger. In the next 10 to 15 years, till the manufactures and semi-manufactures are able to establish external markets, agricultural commodities will have to occupy a pivotal role in the export trade of India. But the capacity to discharge this role is likely to be considerably circumscribed by the growing demands of consumption within the country, let alone the trend of increasing costs.

**Commodity Composition :** Our export trade is built round a few commodities tea, oilcakes, fruits and vegetables including cashew, sugar, tobacco vegetable oils (non-essential), spices, cotton (raw and waste). Any other developing countries, e.g., Ceylon, Pakistan, Burma, Malaysia, Thailand and Mauritius have a similar pattern of exports. Diversification of export trade become difficult partly because of the difficulties in transferring resources from the traditional export sector and partly because of handicaps in adjusting domestic consumption to the needs of exports. We have also to allow for the growing tendency in many countries to restrict imports and for the growing competition from substitutes and synthetics.

**Annual Fluctuations :** The export earnings have shown a consistently rising trend in the case of oilcakes, fruits and vegetables and tobacco. On the other hand, they have been on the decline in the case of spices, vegetable oils, cotton and lac. In 1963-64, the vegetable oil exports showed a marked recovery. The magnitudes and the frequency of fluctuations in the volume of exports were very pronounced in some cases; pulses, sugar, potatoes, linsed oil, some oilseeds and oilcakes.

**Unit Values :** The unit values realised from our export crops very widely and ranged between Rs. 15,931 in 1963-64. Onions and oilcakes are in the lowest group and lemongrass oil, raw wool, tobacco and pepper in the highest. Still more noteworthy are the annual fluctuations. These were pronounced for ginger, groundnut, defatted groundnut meal and lemongrass oil.

**Destinations :** India's export trade continues to be concentrated in a few countries U.K. and U.S.A. are still our most important customers. But their share (as per cent of the value of our total exports) has declined from about 44 per cent in 1950-51 and 1955-56 to 36 per cent in 1963-64. On the other hand, there has been a rise in the relative importance of U.S.S.R. and Japan each of which now accounts for 7 per cent - of

our total exports (by value). Most of our agricultural exports go to U.K., U.S.A. and U.S.S.R. An even distribution of exports provides a better distribution of the risk of demand fluctuation over a number of markets. Some notable changes are taking place in the destinational pattern. During the past few years we have developed our exports of tobacco with U.S.S.R. and of sugar with U.S.A. and Canada. The bilateral trade agreements which we have entered into have been instrumental in developing our exports with some countries.

## Export Expansion

(a) **The determinants :** Export expansion calls efforts in three interdependent direction (a) creation of supplies for export, (b) developing exportability and (c) maximisation of net export earnings. Export supplies—Extension of cultivation—Efforts should be made to reclaim waste, including marshy and water-logged, land available for the purpose in different States, such reclamation, being costly, calls for a State or organised, corporate, including co-operations to be set up. The corporations can plan for the development of a scientifically-organised and systematically oriented export sector in agriculture.

(b) **Yields :** India is trailing far behind in regard to yields of agricultural crops. It is essential that the reasons for our chronically low productivity are understood and the requisite remedial measures taken. Amongst the most important of them is the needs to orient the community development programme to its true purpose, viz., development of enthusiasm, care and skill in the cultivator. What matters with the cultivator is really the economic superiority and feasibility. The effectiveness of extension is marred greatly because the importance of this realistic approach is not sufficiently realised or allowed for, consequently, the block personnel are not able to put through their programmes and recommendations on economic grounds and demonstrate to the cultivator the economic value and practicability of measures and methods being sponsored.

(c) **Size of holding :** The important foreign exchange earning crops like oilseeds, tobacco, cashew-nuts should be exempted from the ceiling laws.

(d) **Conservation of supplies:** Efforts are also called for, for conserving what we produce, substantial quantities can be saved out of production, if adequate and economic storage facilities are provided. Another avenue of saving is from economics in seeds rates.

(e) **Utilisation of available resources and techniques :** If sustained efforts are made in areas having irrigation facilities to make the best of the available resource, e.g., fertilisers manures, improved seeds, agricultural implements, pesticides and water, a marked headway in



improving yields can be made particularly in respect of commercial crops which are directly or indirectly of export importance.

(f) **The pull of domestic demand :** Our exports did not keep pace with production in many cases. Apart from castor, groundnut and linseed oil and groundnut and linseed cakes, exports can be said to constitute insignificant proportions of the production of oilseeds and their products. Among other commodities only black pepper and sugar have shown a predilection towards exports. The spurts in sugar exports during the last two years were quite exciting and promising, but the lustre has somewhat worn off in 1963-64 and may not revive in 1964-65.

In a number of cases the export percentage fell in one or more years since 1955-56 with a rise in the production, e.g., tobacco, linseed, cashew kernels, pluses, chillies, fish and fish products.

(g) **Per capita availability trends :** If we analyse the factor, pull of domestic demand further, we find that it is not due only to a rise of incomes. Statistics of per capita domestic availability show that it has been generally, upward in several cases, viz., tobacco (except in 1960-61).

There is, thus, need to take measures, obligatory or economic, to ensure the flow of available supplies in the desired directions. Exports should receive priority in respect of commodities whose levels of consumption are not short of the requirements of a balanced diet, e.g., sugar and those which are not essential and have a good foreign demand, e.g., tobacco, cashew kernels, chillies, black pepper. Consumption can be pegged at certain appropriate levels in such cases. It is only a planned level of consumption on these scientific lines that can release commodities for exports according to our export needs and foreign demands. It must be borne in mind that these markets can be held not by fluctuating but only by assured exports. Scientific planning postulates a determined long term policy and decisions which may be inconvenient or unpalatable but nevertheless in the interests of the country, as a whole.

**Exportability (a) Factors of exportability :** Exportability depends on the existence of actual or potential external demand and the relative competitiveness. The factors which influence exportability are multifarious, world-wide and changing.

(b) **Demand :** There has been an all-round expansion in the world demand of many agricultural products during recent years. Our exports of many commodities e.g., pepper, tobacco, wool oilseeds, oils, oilcakes and groundnut meal have not kept pace with the world demand with the result that their shares in world exports have been declining.

In order to develop exportability, a thorough know-

ledge of the overseas demand is needed. A continuous study of the trends and projections of demand in the traditional and new markets is the sine qua non of an effective programme of export expansion. We should send delegation to overseas countries to investigate into the potentialities for the sale of our export products. These delegations should consist of not only commodity specialists but also of others who can supplement their talents in an essential chain of enterprise.

(c) **Adaptation of the Productive System :** (i) **Production pattern** Crop planning should be done in order to achieve a proper balance between production for domestic and export needs and secure the best returns from the agricultural resources. Planning need not always be physically enforced; preferences and incentives often succeed in breaking down the barriers of resistance more efficiently than legal regulation.

(d) **Dehydration and Processing :** Dehydration and processing should be extended to commodities like potatoes, banana, garlic, onion. As between raw products and processed goods, the aim should be to export processed goods, as they fetch a high rate of return and foster other economic activities in the country. A composite view of export performance. Potentialities and policies should be taken of the raw materials and their products. The aim should be to earn the largest foreign exchange from a group of commodities and not necessarily from each of them separately and to restrict the export of primary products to the unavoidable. Ways and measures may be devised for improving the competitive strength of the processing industry.

(e) **Marketing Improvements :** Several marketing improvements, such as fumigation, cold storage, refrigerated shipping should be under taken. Compulsory quality control and pre-shipment inspection should be introduced as early as possible for the remaining agricultural export commodities. A genuine consciousness and conscientiousness about the importance of quality and honesty in trade and also about the need for raising the standard of quality right from the stage of production has to be developed. Cooperative marketing should be encouraged. When cooperatives are unable to deliver the goods, there should be no hesitation in supplementing or supplanting them. There is need for setting up trade offices in countries where they do not exist in order to improve the publicity of our exports.

(f) **Price factor :** Prices of many goods, which India exports are over of line with world prices, Crop planning and regional and purposive specialisation should make for lower costs of production.

Agricultural cess has become an anachronism and should be abolished.

Research in export crops should be intensified in

order to evolve methods of lowering costs of production and improving quality and to discover new uses of by products, such as meat, rice, cotton seed and tobacco seeds. This could yield considerable economic returns, lower the costs of production and augment the supply of goods for internal use as well as export. The economic utilisation of the commodity and as such, may prove to be valuable agent of export promotion.

(g) Co-ordination with imports: While emphasizing export expansion the need for import substitution should not be overlooked. The foodgrain crops and some commercial crops, like jute and cotton, offer good opportunities for import substitution.

(h) Maximisation of export earnings: The relative profitability of commodities from the point of view of unit value and per acre yield of foreign exchange should be taken into account in formulating export policies. An analysis on these lines may induce a better sense of proportion and priorities in devising export promotion measures and may be of inestimable value in achieving the objective of export expansion.

### Role of the Government

Vigorous efforts have been made during recent years to invigorate the export sector and the results have been gratifying. During the Fourth Plan, exports have to be stepped up by 40 per cent which is twice rate of rise in the Third Plan. The task is a gigantic one, particularly, in the light of difficulties and efforts involved. If concerted efforts are made keeping in view the present trend of international trade on bilateral lines, significant improvements can be made with a large number of countries, in Europe and East Asia. Concerted efforts are needed in several directions.

Indian yields are extremely low. Technological progress has the effect of contracting the demand for raw materials, quality has to be improved. Market knowledge and experience are inadequate. Then there are trade barriers. The most difficult problems is the maintenance of a balance between the domestic and export sectors, sacrifices in consumption and in revenue will have to be faced. These are all matters which only a firm, determined and planned policy can solve.

Foreign demand as well as methods of production and sale in countries which are our competitors have to be studied. Gaps in the availability of statistical data on production and exports have to be removed. Policies have to be constantly reviewed and steps taken to ensure their implementation. Government intervention in the market may be needed to ensure the flow of supplies in the export channels to the required extent. A wide range of other measures-production incentives, acreage payments, price differentials, export quotas, subsidy payments may have to be taken.

We have to realise that exports are the symbols of development and that every one has a part to play in making a success of export programmes and policies. The State Governments should associate themselves more actively with the national export effort. Educative and publicity programmes have to be intensified in order that this export consciousness may permit throughout the whole process.

### Oilseeds, Vegetable Oils and Oilcakes

We have lost ground in a number of countries in respect of the exports of mustard seed. We have also lost ground in respect of groundnut oil in Burma and Netherlands. Imports of linseed oil by Australia have practically stopped and have declined in Rumania and U.K. efforts should be made to recover our position in as many countries as possible.

For tackling the problems arising out of the vagaries of the monsoon, a suitable system of crop insurance in selected areas of production should be introduced.

Efforts should be made to increase the yields of through the introduction of better farming practices by strengthening the extension system.

The manufacturers should also be encouraged to propagate improved methods of oilseeds cultivation in the areas supplying them the raw materials.

The question of permitting imports of American expellers should be examined. There is need to conduct a thorough study of the economics of oil milling.

Efforts should be made to set up cattle feed industry in the country on a substantial scale so that we could improve the quality of cattle feed in the country and earn more foreign exchange by exporting cattle feed than by exporting oilcakes. Some of the indigenous grasses and molasses could be used along with the oilcakes of or this industry.

Out of over 3 lakh metric tons of rice bran, estimated to be available for oil extraction, only 17,000 tonnes are actually used for this purpose, efforts should be made to increase the production of rice bran oil. Steps should also be taken to increase the collection of non-edible oilseeds from trees like mahua, neem Karanj, Undi which grow in the forest and non-forest areas. Efforts should be made to increase the production of mahua oil by persuading the State Governments, to abstain from cutting down the mahua trees in pursuance of their prohibition policy.

The Indian Central Coconut Committee should consider what steps are necessary for increasing the production of coconut oil and for growing red palm in the country on a plantation basis.

The present pace of development of the cotton seed oil industry should be intensified. The increasing supply of cotton seed oil may keep prices of other edible oils at reasonable levels and thus promote exports of other oils

and cotton seed cakes.

Persistent complaints are received from shippers that the conference lines hold a substantial amount of money with them on false date terms to the shippers on pain of forfeiting the rebate. It is suggested that net rate should be charged so that the amounts are not locked up.

There is need for the Port Trusts to provide storage tanks, pumping units, tank barges etc. at the ports. They could charge out-of-pocket expenses from the users of these facilities.

**Export Targets:**—The following export storage may be fixed for the end of the Third Fourth plan period

Commodity	III Plan	IV Plan	Para No.
Groundnut kernel	50,000	70,000	31
Caster oil	45,000	50,000	31
Groundnut oil	75,000	1,50,000	31
Oilcakes	10,00,000	20,00,000	32
Kardiol	1,000	3,000	33

The important countries importing Indian cane Jaggery are Ceylon and Malaya. Exports have fallen appreciably during 1962-63 and 1963-64. Afghanistan and Singapore, which imported from India cane Jaggery worth Rs. 3.11 lakhs and Rs. 1.97 lakhs respectively during 1961-62, have practically not imported cane jaggery from us during 1962-63 and 1963-64.

Palmyra Jaggery some limited quantities of palmyra Jaggery are also being exported from India, as will be evident from the following figures of exports:

Table 9

#### Exports of Palmyra Jaggery

years	quantity (Metric tons)	value (Rs. in lakhs)
1961-62	192	1.25
1962-63	74	0.76
1963-64	39	0.55

The important countries importing Indian Palmyra Jaggery are Ceylon, Afghanistan, Malaysia and Singapore. The exports of Palmyra Jaggery have fallen appreciably during 1962-63 and 1963-64. Malaysia, Afghanistan and Singapore, which imported Indian palmyra jaggery worth a few thousand rupees during 1961-62, have practically not imported any palmyra jaggery during 1962-64 and 1963-64.

#### Sugar and its Bye-Products

Efforts should be made to raise the yield. Per acre of sugarcane in India through better agronomic practices, better irrigation facilities and effective pest control measures. There is also need to effect improvement in

the quality of sugarcane so that it may yield more sugar.

As the Indian sugar is unable to compete in the international markets, quays and means should be found for reducing the cost of production and the cost of transport.

Experiments of far conducted indicated that, if suitable equipment were available, there would be no difficulty in producing sugar from beet in India. Efforts should be made to grow beet on a commercial scale.

Raw sugar has considerable potentialities for export to many countries. It will be necessary to plan in advance the manufacture of raw sugar to meet the export requirements.

Japan provides a very good market for our sugar. For securing a strong hold in this lucrative market, it is imperative for us to draw up a positive and sustained programme for export of sugar to Japan on the lines recommended by the sugar Delegation which visited Japan under the leadership of Shri V. Shankar, I.C.S. in May, 1964.

A special cell may be set up at the National sugar Institute, Kanpur, for undertaking research on problems relating to the manufacture of raw sugar under the Indian conditions.

Greater attention should be paid to quality factors, viz., polarisation, colour value and grain size.

There is need to phase the shipment programme and give sufficient margin for delays. It might be worth considering whether the responsibility for chartering vessels may be placed squarely on the buyers with usual safeguards for utilizing Indian ships.

Factories in India might be given permission to pack in different sizes instead of in one standard size of one quintal.

The possibility of manufacturing food yeast and sugar caster might be explored.

The Japanese refineries have a definite preference for bulk transport of sugar. The world market is progressing toward bulk transport and mechanised handling. We have to pay serious attention to this development.

Mutual exchange of visits of manufacturers, delegations and technical experts between India and Japan is very desirable for some years to come. The possibility of entering into a long-term agreement with Japan might be explored.

It would be desirable to produce high polarisation and low polarisation raws in different regions to avoid inter-mixing.

A few factories may be selected for production of raw sugar.

The target of export could be fixed at 5 lakh metric tons at the end of the Third Plan and 7.5 lakhs metric tons at the end of the Fourth plan.

Efforts should be made to build up a sizeable cattle feed industry in India using molasses, de-oiled cake and

wild grasses. We should attempt to export cattle feed.

It would be desirable to study the possibilities of manufacturing rum and gin in India from molasses for export purposes.

Reasonable facilities should be provided to the factorise recently licensed for the manufacture of fodder yeast so that they start manufacturing yeast quickly. We can then consider the possibility exporting this product.

Efforts should be made to start manufacture of lactic acid in the country from molasses. This would mean saving of foreign exchange at present spent on imports of lactic acid.

By proper rehabilitation and modernisation of some of the sugar factories in north India, considerable quantities of bagasse could be saved for the manufacture of paper and pulp. This would also mean saving in foreign exchange at present spent on imports of paper and pulp. The possibility of concessional railway freight on the transport of bagasses may be examined.

The manufacture/export of sugarcane wax should be encouraged by (a) allowing liberal imports of machinery and equipment and (b) undertaking a survey to gauge the probable demand for this product in the overseas markets.

Efforts should be made to augment exports of confectionery by affording certain facilities to manufacturers such as provision of imports of special colours, essences and packing materials which are not produced in the country.

### Cashew Kernels

Cashew processing factories should be set up in the vicinity of plantation areas. There is also need for introducing modern methods of processing.

Pilot processing units have started functioning in the cashew-nut producing centres of Africa. Consequently, our share in the imports of cashew kernels by U.S.A. has declined during the sixties by about 7 per cent. There is need for us to have a long-term programme for the import of cashew nuts and also to generate a sufficiently strong consumer preference for our cashew in several countries of America, Asia and Europe.

In U.S.A. propaganda for popularising the uses of cashew kernels in the confectionery and baking industry, specially for lower grades of cashew kernels, would give a fillip to the demand for cashews. If our cashew-nuts are found to retain their flavour after dehydration, their use in chocolates could increase substantially.

Considering the relative economic prosperity and per capita consumption of cashew, the countries of Latin America, Africa and Western Europe offer an excellent opportunity to increase our cashew exports. Market surveys should be undertaken in these countries to gauge the extent of demand and the nature of consumer pref-

erence.

The best method of entering the sophisticated West European markets seems to be through collaboration with firms in those countries to ensure attractive packaging and effective distribution arrangements.

There is an urgent need for a vigorous publicity campaign in these countries, e. g., U.K., other European countries, Canada, Australia, New Zealand and Japan, which offer the greatest potentialities for our cashew exports. Several measures are needed to make our publicity effective in these countries.

The Government should assist cashew exporters with quotas/import licences for important articles needed by them.

The data on area and production of cashew nuts and on the scope for extending cashew cultivation are not reliable enough. A scientific survey is called for.

In view of the large-scale programme for cashew cultivation, adequate provision for research and development should be made.

Suitable incentives, e.g., exemption from ceiling laws, provision for loans and subsidised supply of fertilisers should be offered to cultivators to evoke the requisite responsible for the ambitious programme of cashew cultivation. The producers should get a legitimate share of the price fetched by cashew-nuts.

Marketing co-operatives capable of collecting cashew-nuts from the producer's farms should be set up.

The desirability of setting up a Cashew-nut Board as has been formed in Tanganyika, should be examined.

Compulsory pre-shipment inspection and quality control on export of cashew introduced recently has had a salutary effect on exports. Quality control schemes should be run for the benefit of the producers.

Irrecoverable subsidies like those given for rubber should be given for cashew also.

There is little justification for the imposition of agricultural cess on cashew kernels exported from India in the context of our attempt to boost exports.

The State Governments may be requested to consider the question of having a uniform rate of sales tax on cashew-nuts, if they cannot be persuaded to abolish it altogether.

Railway freights should be reduced on raw-nuts, cashew kernels and cashew shell oil.

Use of modern machinery like oil bath unit, for the extraction of cashew oil is the need of the day.

There is need to undertake research on new uses of cashew shell oil.

The Indian Central Spices and Cashew-nut Committee or the Council of Scientific and Industrial Research may examine the possibility of setting up a plant for the manufacture of beverages, syrups, chutneys and drinks etc. from cashew apples.

The target for the export of cashew kernels should be 58,000 tonnes per year by the ends of the Third Plan and about 70,000 tonnes per year by the end of the Fourth Plan.

## **Tobacco**

Agricultural Marketing Adviser should be requested to introduce a composite grade of tobacco as desired by some countries so that there may be no need to mix the tobaccos again at the time of manufacture.

The Indian Central Tobacco Committee should interest tobacco growers in the production of Bureley Tobacco.

Efforts should be made to publish periodically up-to-date statistics about Indian tobacco crop and prices as soon as they become available.

The project being carried out to grow varieties of tobacco suited to the West German markets should be completed quickly as, due to the cancer scare, demand for tobacco with low nicotine content is also likely to come from other countries.

The Tobacco Delegation has reported that there was demand in Belgium, Poland, East Germany and West Germany for our cigar filler tobacco. This should be further investigated.

The Ad-hoc Committee recently constituted by the Commerce Ministry has recommended a number of measures, e.g., invitations to foreign delegations, greater publicity, reduction or elimination of tariffs. These should be examined and necessary action taken expeditiously.

The Tobacco Export Promotion Council have addressed the London Chamber of Commerce requesting them to adjust the timing and period of their marketing operations so that the cultivators can wait for cringing till the leaves becomes fully ripe. The matter should be pursued.

It is essential to adopt scientific methods for the redrying of tobacco as this would improve the quality. It is understood that licences have been issued for the import of ten more redrying plants. Efforts should be made to see that these are installed early. If there is demand for more redrying plants, it would be a false economic not to meet it.

Efforts should be made to effect a general improvement in the yield by adoption of better agronomic practices.

Efforts should be continued to increase the production of Virginia tobacco. Care should be taken to see that the cultivators are supplied fertilizers in adequate quantities, specific allocation of fertilizers exclusively for tobacco would be helpful.

The Ad-hoc Committee has recommended a number of measures for increasing yield and production of Vir-

ginia tobacco. These should be examined and given effect to as far as possible.

There is a good demand for Indian cigar tobacco. Till the production of improved cigar wrapper tobacco is developed on a commercial scale, it may be allowed to be imported. Efforts should be made to grow cigar tobacco which suits American needs. In other countries too, due to the cancer scare, there is a shift in demand from cigarettes to cigars. Advantage should be taken of this by us.

The grading and marketing of tobacco should be improved by (a) extension of regulation to tobacco in Andhra Pradesh, (b) establishing a large number of rural grading centres, (c) organising co-operative societies, which may pool and grade members' tobacco under Agmark before sale, and (d) evolving simple grade specifications and providing trained technical personnel.

Efforts should be made to get the present system of deferred payment of freight replaced by a net foreign rate.

State or/and Central warehouses may be set up for providing scientific storage and facilitating grant of bank credit against warehouse receipts.

To develop facilities of institutional credit to tobacco growers, the pilot scheme initiated in Ongole taluq by Andhra Pradesh Government should be extended to the entire Guntur District and to other tobacco growing areas.

The quality control and pre-shipment inspection procedure needs to be tightened up.

Effort should be made to provide adequate supplies of coal for flue-curing and redrying of tobacco.

In the context of the need to boost exports, the present levy (1/2 per cent advalorem) on exports of tobacco under the Agricultural produce Cess Act., 1940 should be abolished.

The feasibility of forming a Tobacco Board on the lines of the Coffee/Tea Board may be considered.

At least 60 per cent of India's production of Virginia tobacco and about 20 per cent of cigar and cheroot tobacco should be exported. The target of total tobacco exports can be fixed at about 75,000 metric tons in view of the production target of 4,68,000 metric tons of tobacco by the end of the Fourth Plan.

## **Spices Other Than Cardamoms**

There is room of augmenting foreign exchange returns from the exports of black pepper and curry paste and powder by developing trade with countries from where we realise higher returns per metric ton of our exports.

Efforts should be made to develop the cultivation of minor spices with a view to making available increased quantities for export,

Figures of production of several important export spices are not being collected regularly. Efforts should be made to collect them.

Efforts should be made to raise the yields of different spices through better agronomic practices.

Adequate pesticidal facilities should be provided for celery seed.

Compulsory quality control and pre-shipment inspection in respect of chillies have been in force since 1st January 1963. Some complaints about the quality of chillies have been received even after this control was imposed. Most of these were in respect of non-specified grades. Requisite changes in the Chillies Grading and marking Rules are being made. The control measure should also be tightened up.

Compulsory quality control and pre-shipment inspection should be enforced on celery, coriander and cumin seeds, curry paste and powder, fennel and fenugreek seeds.

There is need to encourage the production of fibreless ginger in India. If necessary, we should import ginger seed from Jamaica for supplying to growers in selected areas. There is also need to undertake scientific peeling and drying of ginger.

There is need for developing processing facilities for most of the spices in order to convert them into power and to make other preparations. New products like oleoresin from pepper should be developed. Particulars of oleoresins likely to be in demand in overseas countries may be procured. Efforts should be made to procure proper machines for the manufacture of essential oils of pepper, ginger, chillies etc. The Central Food Technological Research Institute, Mysore should undertake research with a view to evolving new products from spices and for processing chillies in forms like capsic in acceptable to foreign buyers. Efforts should be made to export cumin, coriander, fennel and fenugreek seeds in power form in polythene bags and to manufacture oil from these seeds, and from tejpatt for export to industrially advanced countries.

The leading exporters of black pepper are reported to be generally agreeable to constituting a "Pepper Exporters' Corporation" to avoid unhealthy competition among themselves and to put forth a collective effort against competition from the rival producing countries. This point needs to be given serious consideration.

The Indian Central Spices and Cashew-nut Committee may be asked to set up a pilot plant for the manufacture of white pepper and to popularise the manufacture of white pepper to meet the needs of the countries who prefer white pepper. A suggestion has been made that one of the methods of preparing white pepper is by polishing black pepper. Efforts should be made to get the polishing machines from abroad.

Efforts should be made to give adequate publicity to the method of packing chillies in a compressed form evolved by the Central Food Technological Research Institute, Mysore, and to the method of re-drying and compressed packaging of chillies evolved by the Directorate of Market and Inspection.

Exporters of spice and curry powders should be helped with requisite foreign exchange to import the right type of machinery and plants for grinding etc.

Exports should be given facilities to import packing materials. For this purpose, they may be granted 10 per cent import entitlement on the F.O.B. value of their exports.

Intensive propaganda and publicity should be undertaken to popularise curry powder and paste in countries which import these from us.

India's traditional exports of ginger are in the dried, bleached and unbleached forms. Efforts should be made to explore the possibilities of exporting ginger in other forms, e.g., powdered, pickled, fresh.

Efforts should be made to develop the manufacture of ginger powder, oil and resin of ginger, ginger pickles, ginger syrup, preserved ginger etc., with a view to introducing these items in the overseas markets. Possibility of exporting fresh ginger should be explored.

Suitable measures should be taken to check sudden fluctuations in the internal prices of turmeric so that the importer could be assured of its supplies at a steady price.

The possibility of manufacturing suitable units fitted with magnetic separators for grinding turmeric should be investigated. If necessary, liberal imports of such machines should be allowed.

A new and simple method for removing dirt and fibrous roots from turmeric replacing the conventional use of cow-dung and chemichrome (lead chromate) has been developed by the C.E.T.R.I., Mysore. Efforts should be made to popularise this method.

The targets for the export of various spices suggested are shown in the given on page 169.

#### Raw Cotton

Stress is at present laid on increasing the production of medium and long staple varieties of cotton with a view to meeting the requirements of the Indian Cotton Textile industry and progressively reducing our dependence on imports. As increased production of medium and long staple varieties facilitates the capacity of the mill industry to export cloth, the present policy is already indirectly export-oriented.

In order to be able to cater to the increased demand for cotton textiles for export and internal consumption and to meet the requirements of cotton for the manufacture of surgical cotton, khadi etc. and for export, we

**Table 2**  
**Export Targets Of Spices**

Spices	(Metric tons)		
	Third Plan	Fourth Plan	Para No.
1. Black Pepper	23,000	28,000	28
2. Chillies	11,000	16,000	29
3. Celery seed	1,800	2,200	30
4. Coriander seed	5,500	8,000	31
5. Cumin seed	500	750	32
6. Curry paste & powder	2,250	3,500	33
7. Fennel seed	2,000	2,500	34
8. Fenugreek seed	—	—	35
9. Ginger	8,000	10,500	36
10. Tejpat	500	600	37
11. Turmeric	3,500	5,000	38

should stop up our effort so as to increase the production of raw cotton by about 30 per cent. We should concentrated on increasing the yield per acre through improved techniques of production.

The Government of India should examine the possibilities of utilizing in the country itself, as far as possible, the cotton at present being exported for the manufacture of finished goods for export. The possibilities of securing collaboration with Japan or some other country in the manufacture of mattresses etc. should also be examined and explored. However, until any export oriented schemes of utilisation of deshi cotton in the country itself come into force it would be desirable to maintain the export of deshi cotton at least at the existing levels.

During recent years there has been a fall in the exports of cotton to our traditional markets, viz. U.K. and U.S.A. It would be worth-while investigating the reasons for this. The Indian Embassies in these countries may be requested to ascertain the scope for increasing the import of short staple cotton from India and to indicate measures needed to achieve this end.

Our Missions in Japan and Hongkong (who are our major buyers or short staple cotton) may also be asked to investigate whether there was scope for increasing the exports of deshi cotton to these countries. If these investigations indicate the possibility of these countries being able to absorb large quantities of Indian deshi cotton, the Ministry of Food and Agriculture should take measures to increase the production of deshi cotton. From the export angle, we should mainly concentrate on four varieties, viz., Bengal Deshi, Oomras, Dholleras Comilleas. Any imports of American under

PL 480 Agreement should not act as a disincentive for the production of cotton in the country.

The staple fibre industry in India should be suitably developed so that more of these fibres could be used for the cloth industry and our dependence on imported cotton could be reduced.

Until any export-oriented schemes for utilisation of deshi cotton in the country itself come into force, it would be desirable to maintain the exports of deshi cotton at least at the existing levels. The target of exports by the end of the Fourth Five Year Plan should be four lakh bales.

#### Raw Wool

The relative importance of U.K. and U.S.A. as buyers of Indian wool declined and that of U.S.S.R. went up considerably during 1961-62 and 1962-63. During 1963-64, this tendency was reversed. Exports to Russia should cause no regret but we should also try to retain our traditional markets. There is, therefore, need to increase production of wool so that we can feed both the traditional and new markets apart from meeting increasing indigenous demand.

It is for consideration whether we could not encourage setting up of a few sheep farms in compact blocks in suitable areas in Rajasthan. The sheep farms could be set up either by Government or private parties. In the latter case, it might be desirable to exempt the sheep farms from the operation of the ceiling laws.

It is necessary to plan for the production of Pashmina wool in the country, Breeding of Pashmina yielding goats is possible by crossing Ladakh type with breeds from U.S.S.R. ? U.S.A. and Afghanistan. Efforts should be made to obtain the necessary number of goats from Afghanistan, U.S.S.R. and U.S.A. The scheme to breed pashmina goats should be vigorously pursued.

The possibility of manufacturing carpets, with the help of carpet weaving plants deserves to be investigated. The switch-over should be gradual so that the cottage carpet industry is not affected.

At present almost the entire production of tannery wool of South India is exported abroad for making felt. If the felt making industry could be set up in India and, instead of the wool, the felts were exported, our foreign exchange earnings could be higher.

The Acts under which warehouses have been set up both at Central and State levels do not include 'wool' in the schedule of commodities to be accepted by warehouses. Steps may, therefore, be taken to amend the relevant Acts so as to enable the Central and State Warehousing corporations to set up warehouses in the wool producing areas and in the terminal markets of Bombay.

An auction market for wool should be set up at

Bombay.

With a view to eliminating malpractices, rationalising market charges and ensuring a fair deal to the producers, the important markets in the wool producing States should be brought under the purview of Agricultural Produce Markets Acts.

For increasing the return of the producers, cooperative, processing and marketing need to be organised. Concerted and sustained efforts have, therefore to be made in the wool producing areas, chiefly in Rajasthan and Saurashtra, for promoting cooperative processing and marketing of wool, including grading.

In view of the growing indigenous needs, any steep increase in exports would not be possible but we should aim at increasing our exports by one thousand metric tons every year over the previous year.

### Fish And Fish Products

Considering the volume of shark landings the export of shark fins could be easily doubled with concerted to cut the fins and process them for export.

Indigenous manufacture of diesel engines should be encouraged till such time as the indigenous production becomes sufficient. Adequate foreign exchange should be made available for the import of engines from abroad.

Adequate foreign exchange should be made available for the import of nylon to ensure increased production of marine fish.

Efforts should be made to export Laminated Bombay duck packed properly in attractive packing. We curing Shinghala may also be tried for export to Singapur and Ceylon.

We should set up ice factories near storage centres and provide a fleet of fishing boats for the various reservoir projects.

With a view to securing the collaboration of Japan for the development of our fisheries, a delegation led by Shri V. Shankar, I.C.S. paid a visit to Japan in May, 1964. Collaboration has been secured in several directions. The Department of Food should follow up the recommendations speedily.

The Fisheries Corporation should aim at development of marine fishery resources as well as marketing fish abroad. It should explore the shrimp resources of deep waters beyond the reach of the Indian fishermen.

A resources survey should be undertaken in potential areas to assess the availability of raw materials for setting up large scale processing plants. Apart from surveys being done by the Indo-Norwegian project, the Indian Oceanographic Surveys should prove very valuable.

Research on production and conservation of frogs is called for.

We should form a panel of technical experts to guide

the extension services.

It is necessary to have an agency to report the market trends for fish and fish products in the countries where they are exported. It is also necessary to collect samples of fishery products popular in foreign countries, so that the Indian laboratories could be asked to produce similar products in India for export purposes.

Efforts should be made to achieve the Third Plan target for ice and cold storages.

Efforts should be made to induce the exporters of India shrimp to give suitable brand names to their products. Besides, packaging should be attractive.

It is essential for the Indian producers to realise that, unless they produce and store dried fish under hygienic conditions and pack it in dust-proof containers our exports of dried fish are likely to suffer.

Effort should be made to standardise the method of packing live lobster with a view to increasing its exports.

At least 10 more canning factories can be set up between Cochin and Ratnagiri to utilise the Mackerel and Sardine catches. The canned fish can be exported.

The possibilities of producing fish oil should be explored.

Quality control should be introduced for the main varieties of export fish. Efforts should be made to improve the quality of dried and frozen fish by mechanization and popularization of hygienic methods of handling. It is essential to improve the quality of fish meal.

The tin-plate subsidy should be revived and continued at least till the end of the present Plan.

Incentives should be provided to expand the export of processed fish from new areas by giving subsidies on marketing of fish in the internal market or in the manufacturer of fish meal, as hardly 5 to 10 per cent of fish landings consist of exportable varieties. Unless the rest of the fish is marketed properly in the interior of the country, there would be no incentive to increase fish landings.

For the Fourth Five Year Plan, a target of Rs. 25 crores worth of fish and fish products for exports would appear to be reasonable.

### Lac

(a) There is need to improve our production techniques so that we are able to meet the demand for bleached lac.

(b) It may be desirable to discuss with the foreign synthetic resin industry the possibility of adding lac to some of the synthetic products in foreign countries. Every effort should be made to encourage the use of shellac with synthetics in India as well.

The most important problem in the export expansion of lac and lac products is to meet the situation arising out of competition from Thailand. To counter act this,



the price of Indian lac should be kept at a reasonable level.

The following recommendations made by the Indian Delegations sent to Thailand deserve to be pursued.

(a) a formal shape may be given to the existing arrangement made by the Thai Lac Association to control the production and prices of lac.

(b) The resources for research in order to discover new uses of lac and for undertaking marketing surveys, advertisement and publicity, should be pooled together by the Indian and Thai Government.

(c) Increased production over normal output should be attempted by both these countries only after new uses of lac have been discovered so that there is no imbalance between demand and supply.

There is need for promoting research in collaboration with foreign exports and organisations on wider industrial uses of lac.

For ensuring reasonable prices to the growers of lac as well as for keeping the export prices competitive in the world markets, it is necessary to provide an organised marketing system, steps should, therefore, be taken for encouraging and fostering cooperative marketing.

At present quality control on exports is exercised on behalf of buyers. This is not always fair to the sellers. For effective and fair system of quality control this control should be exercised by Government.

There is need to draw up an agreed international standard specification for this important commodity of international trade.

More cold storage units should be set up at the assembling and terminal markets so that deterioration in quality could be prevented.

There is need for providing more refrigerated wagons for movement of lac from up country centres to Calcutta. Development of refrigerated storage godowns at Calcutta is also needed.

It is for consideration whether it would not be desirable to set up a lac development and export co-operation which should replace both the Lac Cess Committee and the Shellac Export Promotion Council and through which all exports should be channelised.

We may try to maintain the present level of exports, i.e., about 21,000 metric ton per year till the end of the Fourth Five Year Plan.

#### Natural Gums and Resins

Investigations are being taken up at the Forest Research Institute, Dehradun, to evolve a suitable method of tapping the trees yielding Gum Karaya. The objective is to secure yields with the least damage to the trees. The Institute may be asked to accord priority to this project.

Efforts should be made to collect for export more

gum karaya from trees known as *cochlospermum gossypium* D.C. and *Sterculia Villasa* Roxb.

Investigations are being taken up the Forest Research Institute, Dehradun, to evolve a suitable method of taping and economic utilisation of the trees yielding salai gum. The Institute may be asked to accord priority to this project.

There is need to introduce compulsory quality control on Gum Karya for purposes of export.

Researches conducted at the Forest Research Institute, Dehradun, have revealed that a good substitute for Canada balsam can be prepared from salai gum for mounting microscopic slides. There is an export market for this. This fact needs to be given adequate publicity with a view to drawing the attention of foreign buyers to this new use of this gum.

Efforts should be made to make an assessment of the scope for commercial exploitation of (i) *Pins Grifithi* M' Clell, (ii) *Pins Khasya* Royle and (iii) *Pinus Genadiana* Wall the trees yielding resins.

Adequate data do not exist about the extent to which production of gums and resins could be stepped up. Nor are there data about the extent to which foreign markets could absorb additional supplies of gums and resins if these were available. It is, therefore, necessary to conduct intensive studies to collect data regarding to the production, internal consumption and prospects for export of various gums and resins.

#### Onion

A survey of the traditional markets for Indian onions should be undertaken to assess the scope for the expansion of our exports to those.

We should try to raise production by at least 50,000 tonnes per year and increase exports by about 25,000 tonnes per year. The export target should be 2,00,000 tonnes by the end of the Third and 3,00,000 tonnes by the end of the Fourth Plan.

Efforts should be made to increase the per acre yield of onions by adoption of improved agricultural practices. Some of the measures required to step up yields area.

(i) Production of onion seeds of improved varieties for distribution in the Pilot Project areas.

(ii) Package programme for the production of onions in the onion growing districts of Maharashtra, Andhra Pradesh, Madras, Gujarat and Mysore.

There is need for the addition of refrigerated ships to the Indian merchant fleet in order to capture the U.K. and other European markets.

There is need to introduce compulsory quality control and pre-shipment inspection standards for onion.

Facilities for cold storage and refrigerated warehousing are also needed. Researches have indicated

that with the spraying of Maleic Hydrazine on onion crop 8-10 days before harvest, onions can be safely stored for 3-4 months in cold storage with 30-35°F as temperature and a relative humidity of 85-90 per cent. The spraying cost is Rs. 10-12 per acre or about Re. 1 per 1000 lbs. of onions at an average yield of 15,000 lbs, per acre. This needs to be given publicity through extension organisation.

Setting up of onion dehydration and powdering plants in areas of good onion production should be encouraged. A survey conducted by the Ministry of International Trade has revealed that there is ready demand for dehydrated onions in Kuwait, Bahrain and West Germany, and that, in some countries e.g., Czechoslovakia, Switzerland, Malasia and Singapore, a market for dehydrated onions can be created if sufficient efforts are made to popularise their use.

### Raw Jute

Availability of raw jute and mesta is as essential prerequisite for the production and export of jute goods. For India to be able to cater to the increased demand for jute goods for export as well as for internal consumption, it is essential to increase the production of raw jute and mesta. We should concentrate our efforts on raising the yield per acre through improved growing techniques, because on account of competing demand of the crops, it would be difficult to bring more area under jute.

We should decide every year what quantities of raw jute, if any, should be allowed to be exported depending upon our supply position and the need to fulfil the trade agreements with the East European and other countries.

Considering the potentialities of world demand for jute goods the target for the production of raw jute may be put at 80 lakh bales at the end of the Third and at 100 lakh bales at the end of the Fourth Plan.

### Essential Oils

The Indian Missions in West-Indies should be requested to make a comparative study of the variety of lemongrass grown and of the method of extraction of oil in India and in those countries with a view to enabling us to know what measures need to be taken by us to compete effectively with these countries.

Efforts for the manufacture of onions and synthetic Vitamin A from lemongrass oil should be stepped up as there is danger of shrinkage in the exports of oil itself due to competition from Guatemala and synthetics.

The cultivation of palmarosa grass in the forest areas should be taken up on a planned basis. Such cultivation would present by hybridation of the plant and would ensure that a pure strain of grass is used for

distillation. Steps should also be taken to introduce better methods of distillation so that the perfumery value of the oil is not impaired

Concerted efforts should be made to increase our wealth of sandal trees by planting more trees on a systematic basis and also by fighting the menace of the spike disease.

The target of production of vetiver oil may be fixed at 12 tonnes by the end of the Third Five Year Plan and 18 tonnes by the end of the Fourth Five Year Plan.

The target of production of cedarwood oil may be fixed at 18 tonnes per annum during the Fourth Five Year Plan period.

Large-scale cultivation of *Mentha arvensis*, the source of peppermint oil should be taken up. The Central Indian Medicinal Plants Organisations should be asked to give a very high priority to this work.

The cultivation of citronella in the vicinity of lemon grass. Palmarosa or ginger grass plantations should be discouraged because this may give rise to the mixture of these aromatic grasses. It would be desirable to demarcate suitable areas in the Madras State, preferably on the Nilgiris, under citronella where lemongrass and palmarosa have been tried and found to grow well.

The cultivation of patchouli, the source of patchouli oil, as an undercrop should be encouraged.

There is need to introduce scientific cultivation of geranium so that we get a better yield of oil.

The cultivation of Cinnamonum Zeylanicum, the source of cinnamon leaf oil, should be developed. The Central Indian Medicinal Plants Organisation and the concerned State Governments should be asked to look into this.

The Central India Medicinal Plants Organisation has drawn up a programme for the development of certain oil-yielding plants like dill seed, eucalyptus. They should be asked to give a very high priority to these schemes. It should also conduct research on the agricultural aspects of the production of lemongrass, sandalwood, rosha grass and several other types of grass, plants and berries and on the technological aspects of extraction and recovery of oils of economic value.

About 33 per cent of the total production of sandalwood oil is consumed within the country in the manufacture of soaps, cosmetics and attars. Attars are being exported in considerable quantities from the country. One of the difficulties that the attar industry in the country is facing is regarding the availability of good quality sandalwood oil. There have been requests for quality control on the internal trade of this oil so that not only the quality of attars is improved but foreign exchange is earned by exporting them. This point needs

to be considered.

Himalayan wood oil has good export prospects. It is, however, desirable to take steps for maintaining the quality of this oil. Its grading under Agmark should be made compulsory before export. In fact, quality control measures would be conducive to the export promotion of all the essential oils.

Efforts should be made to explore markets for lemongrass oil in the East European countries.

According to the current scheme, the State Trading corporation purchases lemongrass oil at the minimum support prices, viz., Rs. 11.00 per kilo ex-factory for oil of 78 per cent citral content with a premium of rupee one per kilo for oil of 82 per cent citral content. The premium should be given at a progressive rate with the increase in the percentage of citral content instead of giving it at a flat rate.

Efforts should be made to maintain the price of sandalwood oil within a reasonable limit so that buyers may continue to buy the natural product and are not led away to go in for imitations like Sandela GD etc.

Imports of sandalwood oil into U.S.A. are subjected to an import duty of 10 per cent advalorem. The U.S.A. Government should be requested to abolish the duty on this oil so as to make it at par with sandalwood oil.

There is scope for improving the quality of vetiver oil produced in Malabar. At present the roots are distilled in crude stills-sometimes improvised from oil G.I. drums—and the method of distillation is not standardised. This imparts a very dark colour to the oil which is a serious drawback for its use in perfumery. Effects should, therefore, be made to improve the methods of distillation.

A comparative study of the quality of palmarosa oil manufactured in Java and Madagascar should be made with a view to making improvements in our methods of cultivation and distillation.

The following export target per annum are suggested to different essential oils :—

Essential oils	End of III plan	End if UV Plan (metric tons)	Para No.
Lemongrass	1,000	1,000	12
Sandalwood	100	115	27
Palmarosa	40	55	19
Vetiver	5	10	34
Cedarwood	—	10	37

#### Meat And Its Bye-Products

There is an export market for frozen meat in countries like the Middle East and Far East in view of less

stringent requirements of veterinary certification and method of slaughtering and our competitive prices. But in view of the present and potential demand for mutton in the country, there is hardly scope for exporting it in the near future.

In the Fourth Plan one hundred carcass utilisation centres are proposed to be set up at a cost of Rs. 3 lakhs each. This should give an impetus to the exports of bye products of meat.

In order to obtain precise data on the waste and utilisation of bye-products in slaughter houses, it is desirable to conduct a special survey of licensed slaughter houses in the country.

To increase the production of animal casings, blood meal, bones etc. 200 producers co-operative societies for the manufacture of animal casings and 200 Co-operative bone collecting centres should be set up.

The modernisation of 100 slaughter houses in selected towns with a population of 50,000 and over should be taken up immediately.

The scheme for the setting up of an Animal Quarantine and Health Certification Service should be sanctioned and implemented at the earliest.

Considering the export potentialities of bye-products of meat, it is recommended that a separate organisation should be set up in the Ministry of Food and Agriculture for handling the problems connected with the production of various bye-products for export purposes. The work of conducting the survey may also be entrusted to this organisation.

If the measures proposed above are taken, exports of meat and its products stepped up by about 100 per cent in 5 years.

#### Fruits And Vegetable Products

Imports of certain citrus fruits at present allowed from Pakistan under the Indo-Pakistan Trade Agreement should be stopped.

Effort should be made to encourage exports of limes.

It is necessary to improve the condition of marketing of citrus fruits and mangoes by improving the standard of marketing services and promoting cooperative marketing.

Efforts should be made to create export markets in the European countries for some of the renowned varieties of mandarin oranges, particularly Nagpur Santra and Coorg, Darjeeling and Khasi made in oranges which are being produced in the country in large quantities. Adequate publicity should be given to the advantages of treating citrus fruits and mangoes with wax.

Trial consignments on the lines of those sent recently by the Directorate of Marketing and inspection should be sent to European countries so that the economics of the transactions may be worked out.

Provision of adequate refrigerated space in the ships should be made for the transport of citrus fruits and mangoes.

Compulsory quality control on the export of citrus fruits and mangoes should be enforced.

The export Credit and Guarantee Corporation should be persuaded to cover the export risks of citrus fruits and mangoes.

Publicity and market research in order to determine cost structure and consumer preferences for citrus fruits should be conducted in foreign countries.

A mango delegation should be sent to U.K. France and West Germany to explore export possibilities and to establish contacts.

A modest target of 6,000 tonnes per annum of citrus fruits for export may be fixed for the end of the Fourth Plan against 1,729 tonnes of export in 1963-64.

It would be reasonable to fix a target of 3,000 tonnes of mangoes for export per annum by the end of the Fourth Plan against the exports in 1963-64 of 1,595 tonnes.

### Apples And Grapes

We may request our trade representatives in neighbouring countries like Ceylon, Pakistan, Malaysia, Burma to gauge the scope for exporting India apples and grapes to these countries. The possibilities of exporting apples to U.K. and other European countries should also be investigated.

### Bananas

We should tap fresh markets by sending sample consignments of bananas to European countries like Yugoslavia, West Germany, France.

There is need to set up a Banana Export Corporation to organise large-scale export of bananas. The shares of the Corporation should be held by the Central Government and the important banana producing States.

The manufacture of banana products should be organised keeping in view the potential demand in foreign countries.

The measures suggested by the Banana Delegation to develop the marketing aspects viz. quality control, modern carriers, elevator conveyors, suitable warehousing. Creating and transport should be considered as early as possible.

Exports should be made through foreign companies like United Fruit Co., and Cagis who are well versed in the transport and packing of banana. Some of the companies should be persuaded to enter into contracts with the cooperative Societies in India.

Efforts should be made to expand exports to the East European countries. U.S.S.R., Japan, Italy, Middle East and Iran, as recommended by the Banana Delegation.

There is prospect of our developing exports to the West Asian countries to the tune of about 15,000 tonnes and to Iran to the tune of 10,000 tonnes per year.

### Fruits And Vegetable Products

Indian fruit and vegetable products have so far been exported to cater to demand from Indian nationals settled abroad. The foreigners have yet to develop a taste for these. Efforts should be made to give adequate publicity to various fruit and vegetable products exported from India.

By far the most important raw material used in the fruit canning industry is sugar. A special quota of sugar may be allotted by the Government of India directly to the manufacturers for this purpose every year.

At present a cash incentive at the rate of 10 per cent is allowed on foreign exchange earned through exports of fruit and vegetable products. This is rather inadequate and should be raised.

A subsidy at the rate of Rs. 500 per ton of tin plate consumed in the manufacture of canned products was being given till 31-3-63. The trade has represented for the restoration of this facility. This may be considered.

Efforts should be made to provide foreign exchange for the import of up-to-date automatic or semi-automatic processing machines required by the industry.

Railway transport needs to be improved. Wooden ventilated wagons should be provided for the transport of fruits and vegetables from the centres of production to the factories.

Exporters desirous of popularising their products in foreign countries may be allowed to spend abroad a certain percentage, say 5 per cent of their export earnings on publicity of their products.

Fruit and vegetable products factories and dehydration plants should be set up in areas of large-scale production of the fruits and vegetables concerned.

Proper ware-housing facilities for fruits and vegetables, the basic raw materials of the industry, should be provided.

Fruit products shall have to be improved in respect of quality as well as hygiene. The idea that fruit surpluses and culls should go into the can is out-moded concept of the fruit products industry demands, the utilisation of the raw produce specifically grown for the purpose.

Efforts should be made to produce more dehydrated vegetables like Himra peas for export.

Efforts should be made to get the ocean freight for fruit, and vegetable products reduced. While the rate from Australia to U.K. is 169 sh. per 40 c.f., that from India to U.K. is 995 sh. This discrimination should be removed.

Efforts should be made to introduce new item of fruits and vegetable products for export. These are

tomato paste, pineapple products, fruit juice powders, dehydrated onions, mango cereal flakes, papain and pectin, neemra, mango juice, preserved litchi bulbs, guava, raspeberry etc.

An export target of 5,000 tonnes per annum of fruit and vegetable products may be fixed for achievement by the end of the Fourth Plan as against the existing exports of 3249 tonnes.

### Walnuts

The factors which made it possible to earn higher rate of exchange, when the volume of exports rose by 87 per cent in 1960-61, should be examined with a view to finding out whether advantage can be taken of them for formulating export policies.

The exporters of walnuts should be persuaded to clean and grade their produce before export with a view to getting better prices.

There is need to pay increased attention towards unconventional markets like Switzerland, Sweden, Holland, West Germany and Australia who import substantial quantities of walnuts. East European countries, U.S.S.R. and Middle Eastern countries also offer potentialities of export.

Adequate publicity measures need be taken to promote exports of walnuts. The industry should introduce and popularise ready to use attractive consumers, packages of in-shell walnuts and roasted and salted kernels to capture new markets.

Efforts should be made to develop exports of brown-coloured walnut kernels.

We should try to create an overseas demand for our kagzie-in-shell walnuts.

The production of walnuts should be stepped up through the adoption of better agronomic practices, introduction of prolific varieties and expending the cultivation to new areas.

The cultivators should be persuaded to develop the cultivation of walnut plants on village waste-lands, foothills, eroded lands, etc.

An effective organisation need be set up for the collection and remunerative disposal of walnuts in the near and prospective areas like Kulu Valley. Himachal Pradesh and hilly districts of Uttar Pradesh, where scattered walnut trees exist.

There is need to raise good nut-bearing varieties of walnuts as has been successfully done in the case of cashewnuts in Madras State.

The walnut producing States should, to start with, conduct a survey of acreage (if possible, variety-wise) and production of walnuts. Thereafter, these estimates may be collected after every ten years as, without these statistics, any scientific plan augmenting production is hardly possible.

The research and extension organisations of the State Government concerned need be geared up to extend technical help and supply grafted and budded plants of quality walnuts at subsidised prices of cultivators.

The schemes sanctioned by I.C.A.R. designed to effect improvements in the technique of cultivation of walnuts etc. in Punjab, Uttar Pradesh and Himachal Pradesh should be implemented expeditiously.

The Government should set up a Research Station for walnuts at some suitable place in Jammu and Kashmir which may undertake studies and initiate research on various aspects of walnut cultivation and suggest suitable measures for effecting improvement in this sphere. This station may also deal with research pertaining to other allied crops like almonds pistachio etc.

Attempts should be made to build up and expand our exports of shelled walnuts.

Efforts should be made to promote a better utilization of by-products of walnuts like shell waste, walnut oil, walnut cake etc. The C.S.I.R. may be requested to undertake an intensified programme of research on the export-oriented uses of walnut by products.

The difficulties suffered by the trade, e.g. inadequate accommodation facilities, levy of town duty, fortnightly sailing, want of cold storages, absence of proper dehydrators, non-availability of bleaching powder, need be tackled.

There is need to enforce rigid quality control on exports of walnuts. The staff engaged in the grading and quality control of walnuts should undertake extension education programme with a view to imparting theoretical and practical training to producers for the preparation of better quality in-shell and shelled walnuts.

Apricot kernels, almonds, etc. are some of the tree nuts which need be developed. In order to plan devise ways and means to push up exports of these commodities, a Board composed of leading businessmen. Directors of Agriculture in States like Jammu and Kashmir, Uttar Pradesh, etc. representatives of the Forest Departments of these States, may be set up in the Ministry of Food and Agriculture.

A target of 6,500 metric tons of walnuts for export every year till the end of the IV Five years plan is suggested.

### Pulses

At the present juncture, when production is downward, the scope for the exports of pulses which constitutes an important item of the common man's diet, is limited. The first requisite, therefore, is to increase

the production of pulses.

There is also need to orient the production plants and efforts to export seeds. Lentil is the most important export pulse of India. U. P. Bihar and West Bengal are the most important States producing lentil. Efforts should be made to increase the production of lentil in the selected districts of these States.

The principal measures called for increasing production are use of improved seeds and superphosphates. To encourage their use, the subsidy on superphosphates should be increased from 25 per cent to 75 per cent.

Besides, cultivation should be encouraged on lands which remain fallow for long periods, e.g., rice fallows in Orissa, West Bengal and Eastern U. P.

Measures need to be devised for overcoming the competition in Ceylon from low quality pulses exported by Syria and Lebanon.

The need for a concession in the railway freight may be examined. Quality standard should be laid down.

Exports should be evenly spread out during the year so that prices do not rise unduly.

The target of exports should be 50 thousand tonnes for the end of the Third Five Year Plan and 1 lakh tonnes for the end of the Fourth Five Year Plan.

### Export Targets

There are also possibilities of enhancing our foreign exchange earnings by developing exports of animal casings to more remunerative markets.

There is ample scope for increasing the exports of animal and sheep casings.

The manufacture and export of casings products under the method evolved by the Leather Research Institute should be encouraged.

The programme of modernisation of slaughter houses should be speedily executed.

There are immense possibilities of further processing of guts. Small amounts of foreign exchange, needed for important machinery for the processing of goods be made available to the processors.

### Potatoes Production

Saudi Arabia used to import considerable quantities of Indian potatoes but has practically stopped importing them now. This needs investigation.

There is scope for expanding our export trade in potatoes to Afro-Asian Countries.

Efforts should be made to raise the yield of potatoes through intensive cultivation methods. Our aim should be to increase production by 5 per cent per

year.

At present export of potatoes is allowed within specified quotas which are not announced to the trade. These should be published so that prospective exporters may know the quantities released for export from time to time.

Rigid compulsory quality control should be enforced on exports of potatoes.

The Indian Merchant Fleet should acquire a few refrigerated ships for the export of fruits, vegetables and other perishables including potatoes.

There is considerable spoilage of potato crop for want of transport facilities in the potato-growing areas. Transport facilities should be therefore, developed in those areas.

A Potato Development Board may be set up in the Ministry of Food and Agriculture to develop the production, marketing and export of potatoes.

Efforts should be made to export potatoes to the extent of 2 per cent of production. Our aim should be to achieve a target of 25,000 metric tons by the end of Third Five Year Plan and 50,000 metric tons by the end of Fourth Five Year Plan.

### Cocoa Products

The indigenous cocoa-based industries depend on imports, as stated earlier, for their requirements of cocoa beans. Therefore, our plans for the development of these industries and, consequently, for exports of cocoa products have to be linked with the imports of cocoa beans to the extent it is unavoidable. This could be as paying proposition from the foreign exchange angle, as raw material would always be cheaper than the manufactured product. But the possibilities of earning net foreign exchange would be greater if other costs, i.e., manufacture, transport etc. are kept to the minimum. Assuming that adequate quantities of cocoa beans would be forthcoming to meet the demands of the industry, the following targets of exports are suggested :

(a) **Cocoa Powder** : At present we are exporting only about 31 per cent of our production. Export of 140 metric tons per year by the end of the Third Plan period would be a reasonable target for this item. For the Fourth Plan the annual target may be 250 metric tons per year.

(b) **Cocoa Butter and Paste** : The exports of cocoa butter and paste during 1960-61, 1961-62 and 1962-63 were 10 metric tons, 16 metric tons and 20 metric tons respectively. An export target of 40 metric tons per year by the end of the Third Plan period and of 80 metric tons by the end of the Fourth Plan period is suggested for this items.

(c) **Chocolate Preparations Including Chocolate**

**Confectionery:** The exports of chocolate preparations including chocolate confectionery during 1960-61, 1961-62 and 1962-63 were 2 metric tons, 1 metric ton and 62 metric tons respectively. A target of 100 metric tons per year by the end of the Third Plan period seems to be reasonable for this item. The annual target by the end of Fourth Plan period should be 200 metric tons.

#### Garlic

A survey of the existing and potential demand in existing overseas markets, as well as exploration of new markets, is required for assessing the total demand for garlic in foreign markets. A Study Team should be sent abroad to survey not only the markets for garlic but also those for other related commodities. An integrated study of this type would be very useful for a proper planning of an export promotion drive. This could be brought up-to-date from time to time with the assistance of our Commercial Attaches abroad.

Efforts may be made to raise the productivity of garlic by better agronomic practices.

Compulsory quality control on garlic before export should be introduced.

Facilities for cold storage and refrigerated warehousing in producing centres and at the export ports should be developed.

Facilities for cold storage and refrigerated warehousing in producing centres and at the exports should be developed.

There is need to develop refrigerated rail transport and refrigerated shipping for the export of garlic and other perishables.

There is need to set up plants for making garlic powder for export as well as home consumption.

#### Dairy Products

Every effort should be made to set up quickly the plant licensed for the manufacture of milk powder and to run them to their full capacity so that we may meet our entire requirements internally and do away with imports.

Butter is a bye-product of the organised dairy industry and a part of the production of butter could be set apart for export purposes with due regard to our domestic requirements.

The Kaira-Mil Union could, perhaps, be encouraged and, if necessary, subsidised to export butter and ghee

to West Asian countries.

Efforts should be made to export Indian melted butter ghee to Malayasia for the needs, of people of Indian origin.

The question of effecting a reduction in the fat content of the milk supplied to the consumers by Indian dairies with a view to making a larger quantity of ghee and butter available for export needs to be examined.

The following annual targets of export till the end of the Third Five Year Plan period are suggested.

	(Metric tons)
Butter	25
Ghee	125
(Paras 17 and 19)	

#### Sisal Fibre

In any attempt that might be made in future for making India self-sufficient in regard to its requirements of sisal fibre of for-export purposes, emphasis will have to be laid on the cultivation of *Agave sisalana* species of sisal.

If private enterprise is not willing to take up production of sisal, a corporation should be set up by the Government for the purpose. The manufacturing units should be set up along with the production units. This corporation could also take up the growing of ramie and sann hemp.

If the method of collecting fibre from sisal is improved so that is bye-products by cogenene and sisal wax could be collected and utilised, we could not only effect savings in foreign exchange by reducing imports but also earn foreign exchange from the exports of hyconene.

#### Repacking of Dates and Dry Fruits

There is scope for developing export/re-exports of figs (dried) and raisins. The technique for drying and processing figs/grapes has to be improved so that we get good quality dried figs/raisins both for internal consumption and for export. The Central Food Technological Research Institute, Mysore, may be requested to investigate into this problem and examine the possibilities of developing an efficient unit for the drying and processing of figs/raisins on scientific lines.

# 1963

## TECHNICAL COMMITTEE ON CROP ESTIMATES, 1963—REPORT Delhi, Ministry of Publications 1958. 127p.

Chairman : Shri S.R. Sen ;  
Members : Shri K.R. Nair ; Shri D.B. Lahiri ;  
Shri S.P. Pande ; Shri G.R. Seth ; Shri  
J.S. Sarma ; Shri M.N. Murthy Shri ; V.R.  
Rao.

### APPOINTMENT

The Technical Committee on Crop Estimates was constituted under Planning Commission in January, 1963.

### TERMS OF REFERENCE

- (i) Examine the results of type-1 studies undertaken in Rajasthan and Bihar ;
- (ii) Formulate the detailed proposals for type-2 studies (to be undertaken along with the eighteenth round (1963-64 of the NSS) ;
- (iii) Consider the schedules and instructions of the NSS Crop Survey for the eighteenth round for ensuring appropriate comparison between the two Series; and

- (iv) Study the data collected by the NSS in the past and the results of any other enquiries and Surveys with a view to suggesting-improvement in the existing agricultural statistics.

### CONTENTS

Introduction ; Type-1 and 2 Studies ; Comparison of NSS and official series of crop estimates ; Conclusions and recommendations ; Statistical tables ; Charts ; Appendices.

### RECOMMENDATIONS

A striking feature of the NSS and official estimates of production was that they were consistently different throughout the period of study the former being higher than the latter. The magnitude of this difference was much larger during the earlier period (1957-58 to 1961-62), ranging between 15 and 24 million tons ; the difference narrowed down to 5 to 8 million tons in the subsequent years (1963-64 to 1965-66). Even during the later years, while estimates of production of rice revealed fairly close



agreement, the estimates for wheat, Jowar and Maize continued to differ to a marked extent. At the State level, NSS estimates (for 7 Cereals) were substantially higher than the official estimates in the case of Assam, Bihar, Gujarat and Maharashtra, and lower in the case of Kerala and West Bengal.

The divergence between the two series can arise because of differences in the estimates of (a) area and (b) yield rates, which in turn may be due to differences in the technical procedures of selection, compilation, estimation, etc. as also operational differences in the field and processing work. In regard to estimates of area, the different concepts used in the two series, 'gross' in the NSS and 'net' in the official series, were a handicap in ascertaining the reasons for divergence between the two series. The Committee's attempt at securing comparability by having the NSS obtaining crop area according to procedures followed in the official series, could not materialize. The wide divergences between the trends of the two series of area estimates, sometimes in contradictory directions, would however tend to the conclusion that are contributed materially to the overall divergence in production.

Several factors could have accounted for the divergence between the two series of area estimates. In the official series, the practices followed for recording net areas happen to be different from State to State and sometimes even in a State. It is not certain that the procedures laid down in the Land Record Manuals for this purpose are carefully followed by the primary agency and adequate precautions taken in arriving at appropriate net area in all cases. This is a matter for further investigation and improvement both by laying down well considered concepts and procedures for recording area under crop mixtures and adequate training of the primary staff and supervision over their work. The Committee understands that considerable progress has been made in this direction through the efforts of Ministry of Food and Agriculture, which need to be pursued actively in future.

Another factor influencing the official estimates of area could be the cumulative effect of errors in recording aggregating and transfer of area statistics from village level upto the State level. The number of persons engaged in the compilation of area statistics at various levels is far too large to completely avoid such errors. It should, however, be possible to ensure that the cumulative effect of such errors does not vitiate the accuracy of the final estimates of area at the State level. The Committee intended to have a study undertaken in 3 or 4 States to assess the overall effect of errors in aggregation and transfer. This was ultimately carried out only in one district of Andhra Pradesh (Nalgonda) for want of time and facilities. The results of this limited study, though not quite representative of conditions obtaining

even in Andhra Pradesh, not to speak of other States, did reveal the existence of errors at almost all levels, namely, village, tehsils and districts, which could not be completely ignored. The Andhra Pradesh study would thus underline the need for a more detailed investigation on a large scale in this regard.

One factor affecting the NSS series could be the change in the procedure of building up area estimates from 1961-62. The earlier procedure is known to result in consistent over-estimates as compared to the subsequent procedure. This apparently arose out of inaccuracies in the compilation of geographical area at various levels. A detailed study on the extent of, and the reasons for, these inaccuracies should be undertaken.

Among the factors contributing to the divergence in yield rates could be the size of the ultimate sample cut used for crop-cutting experiments. From the type-1 and type-2 studies organised at the instance of the Committee on different crops, it was seen that the large divergence observed in the NSS and official estimates of production was not ascribable to the different types of sample cut used in the two series.

There could be a number of other factors affecting the estimates of yield rates which could not be examined by the Committee. They require laborious and time-consuming studies and the committee can at best suggest the course of action in this regard for future consideration. One of the possible sources of divergence in the estimates of yield rate is the cumulative effect of various type of non-sampling errors to which both series were subject, such as response rates (proportion of the number of crop-cutting experiments analysed to the number of experiments planned), biases in the selection of sampling units due to departure from strict probability sampling procedures at various stages, biases due to deviations from appropriate procedures of estimation, and the choice of appropriate expansion factors particularly which regard to yield rates of crops shown in mixtures, errors in drriage ratios (of dried grain to harvested produce), and finally, the short-comings of the primary field agencies in carrying out the programme of crop cutting work according to prescribed procedures. There has, no doubt, been considerable improvement in the recent years in the quality of field work, response rates an attention to technical details, due to the growing awareness of the importance of crop surveys. Nevertheless greater attention need to be paid to study the over all effect of varying practices followed for obtaining the yield estimates. In this connection, it will be worth while to subject the data of the two series to a critical examination, on the lines indicated in Appendix 10.

In the view of the committee, it is important that all possible measures should be taken to improve the quality and time lines of official series of crop statistics, as no

other series can ever completely replace the official series. Apart from careful scrutiny of the procedures of compilation and estimation, and securing as far as possible uniformity in concepts and definitions for inter-state comparability it is necessary to provide for a fairly intensive supervisory check over the primary field work in regard to both area and yield estimates. The normal departmental supervision should be strengthened for this purpose. In order to ensure objectivity, it should be supplemented by supervision based on a probability sampling, both of field enumeration and compilation procedures, with the help of higher levels of departmental staff (at least at two levels higher than the level of the primary agency). Such supervision will provide the necessary authority for taking corrective measure as well as provide a quality check. There should be a concurrent sample check by a Central Agency on a sufficiently large scale to provide estimates of crop area and production at the State and All-India levels for administrative and policy requirements of Government of India.

## Appendix 10

### List Of Items For Special Research Studies

#### NSS Series

(i) Frequency distribution of yield observation by crop and years (for important States).

(ii) Distribution of unweighted yield rates for pure crop and mixed crop.

(iii) Percentage recovery of dried grain from harvested produce for individual State-crops and years from 1957-58 onwards (sub sample wise figures).

(iv) Investigations into the biases (if any) in production estimates due to the use of inaccurate (or out-of-date) drriage factors and/or due to the application of the drriage ratios at in appropriate stages.

(v) Relative merits (bias and variance) of estimates of acreage and production of crops according to different selection and estimation procedures including those actually used.

(vi) (Investigations into the reasons for divergence or inconsistency among different official series of geographical areas, and their relative role in respect of the resulting) inaccuracies in estimates of area and production due to the use of inaccurate expansion factors for other similar reasons.

(vii) Study of biases (if any) in the estimates of yield rate of given crops due to the rule or procedure of allocation of sample cuts to pure and mixed crops in any of the rounds.

(viii) Study of bias in production estimates in case (if any) the methods of apportionment of area survey and (b) for sample crops cuts different in any of the

rounds.

(ix) Characteristics of the 'non-responding' units ; assessment of related bias, Nature of 'substitutions' and assessment of bias.

(x) Investigations into the possibility of double count or omission in crop acreage enumeration in repeated visits in different seasons.

(xi) Comparison of repeat samples (villages/survey numbers) between successive rounds (years) to assess the reliability of data.

(xii) Study of trends in gross area in selected States (and comparison of NSS trends with 'official trends').

(xiii) Comparison of State matching sample estimates with central sample estimates ; study of reasons for divergence (if any)

#### Official Series

(i) Frequency distribution yield observations by crops and years (for important States).

(ii) Distribution of unweighted yields rates for pure crop and mixed crop.

(iii) Percentage recovery of dried grain from harvested produce for individual States-crops and years from 1957-58 onwards.

(iv) Investigations into the biases (if) in production estimates due to the use of inaccurate (or out-of-date) drriage factors, and/or due to the application of drriage ratios at inappropriate stages.

(v) Relative merits (biases and/or variance) of different modes of complication, derivation or estimation of acreage under crops, and of different modes of selection and estimation for crop production, including those actually used.

(vi) (Investigation into the reasons for divergence or inconsistency among different official series of geographical areas, and their relative role in respect of the resulting) in accuracies in the figures or estimates of area and production due to the use of inaccurate expansion factors or for other similar reasons.

(vii) Study of biases (if any) in the estimates of yield-rate of given crops due to the official rule or procedure of allocation of sample cuts to pure and mixed crops.

(viii) Study of bias in production estimates in case (if any) the methods of apportionment of areas under each component of mixed crop (a) for area survey and (b) for sample crop cuts differ.

(ix) Characteristics of the non-responding or 'non-reporting' units : assessment of related bias, Nature of substitutions and assessment of bias.

(x) Investigations into the possibility of double count or omission in crop acreage enumerations in repeated visits in different seasons.

(xi) Comparison of repeat tehsils/villages/survey numbers (samples) between the successive seasons and

the successive years to assess the reliability of the data.

(xii) Study of trends in gross area in States where the required data are available (and comparison of the 'official trends' with the 'NSS trends'.)

(xiii) Comparison of official acreage estimates with data collected according to official procedure by the NSS (central). Cases of divergence (if any).

(xiv) Assessment of errors of recording, aggregation, and transfer of official area statistics at different levels—village, tehsil, district and State. Study of cumulative effect of such errors.

(xv) Investigations into the effect of non-compliance of intructions in the Land Records Manual Formation of well-considered concepts and procedures for recording area under crop mixtures so as to arrive at appropriate net area in all cases.

#### General

(i) Reasons for divergence between different series of official geographic area figures.

(ii) Relationship between weather conditions and the area and production of crops.

## COMMITTEE ON RATIONALISATION OF STEEL SECTIONS, 1963—REPORT

Delhi, Manager of Publications, 1968. 101p.

**Chairman :** Shri Suku Sen

**Members :** Shri T.R. Subramanian ; Shri Ranbir Sen ;  
Shri B.S. Krishnamachar ; Shri K.N.P.  
Rao ; Shri A.K. Gupta ; Shri M.M. Panje;  
Shri R.K. Chatterjee ; Shri V. Subra-  
maniam; Mr. C.E. Cargin ; Shri R.C. Sen,

**Convenor :** Shri S.C. Mukherjee

### APPOINTMENT

Structural shapes in which steel products are commonly rolled comprise of beams, channels, sheet piles, equal angles, unequal angles, bulb angles, tees, squares, round bars and flat bars. The number of such sections included in the relevant Indian Standards alone is about 516. There are many other sections like crossing sleepers, 'Z' sections, etc. which have not yet been standardised by the Indian Standards Institution. The number of sections at present being rolled by Indian Producers is also considerable about 300. Existence of such a large number of sections from which Engineers are permitted to select for designing structures has given rise to two difficult problems :

(a) **The Problem of Matching Steel :** Often the Engineers call for, along with large quantities of certain sections comparatively small quantities of certain other sections, which are, according to them more economical. It often so happens that the supply of popular sections are received fairly quickly but even if such supplies comprise of about 50 per cent of total steel required for fabrication of the structures, the work cannot be taken on hand until the remaining 10 per cent of 'matching steel' is available. If the Engineers were aware of the

difficulty of getting this 10 per cent of the materials, they could have certainly designed their structures in such a way as to avoid to use of these sections which are uncommon and frequently rolled.

(b) **The Problem of Economic rolling Tonnage for the Producers :** The present output of structural steel sections in India (including bars and rods) is about 2.5 million tons. Out of these sections, the annual demand of some popular ones ranges between 50,000 tons to 1,000,000 tons. As a result, total annual demand of several sections is very small. Both of operational efficiency and economics of production, there is a minimum tonnage which could and should be produced in any particular mill. This economic rolling tonnage of course, varies from mill to mill, for the fast modern mills which are now installed in all the Steel Plants, the minimum economic tonnage is quite high, ranging from 1,000 tons to 3,000 tons per section per rolling. As a result, they find it difficult to produce sections for which the demand is less than the minimum economic tonnage. Even if the demand is up to this minimum tonnage, such sections with relatively smaller demand can be produced only once or twice a year depending on the total demand. Consumers needing such sections as matching steel, therefore, have to wait for a long time to complete their jobs.

With a view to finding a solution to the problems mentioned above the Iron and Steel controller has been considering the question of 'rationalising' the number of sections thereby reducing the number of sections to be produced in the country. This matter is obviously a complicated one as it involves not only steel plant

operational problems but also problems of engineering construction. The sections to be rationalised should be such as could be more economically produced by the existing steel plants. At the same time a suitable range of sections should be provided for the Engineers to design structures with, without seriously affecting the Govt's declared policy of steel economy. The Iron and Steel controller obtained the services of Shri Ranbir Sen of Tata Iron and Steel Co. Ltd., to study this matter and to make suggestions. Shri Ranbir Sen visited all the Steel Plants, discussed the problems with the Technical Officers of the various Steel Plants. Thereafter he also discussed this question with the Indian Standards Institution in Delhi with Central Water and Power Commission and the Railway Board, the two important consumers of Structural Steel. He also had discussions with leading structural fabricators of the country. As a result of these discussions with the Steel Plants Shri Ranbir Sen came to the conclusion that some of the structural sections standardised by the Indian Standards Institution needed some modifications to enable the existing mills to produce them without difficulty. This matter was brought to the notice of the Indian Standards Institution by Shri Ranbir Sen and the Institution in its turn prepared a paper giving their views as to why the producers should try to roll the standardised sections.

Simultaneously, the Indian Engineering Association also undertook an independent study of this difficult problem. The Association produced a comprehensive report which was of great assistance to the committee. It provided useful technical data and also recommended a complete list of sections which to be rationalised.

The Iron and Steel Controller circulated the following documents to the Main Steel Plants, Indian Engineering Association and the Indian Standards Institution and convened a meeting to discuss the matter further :

(a) Notes by Shri Ranbir Sen on his discussions with various interests concerned.

(b) Notes prepared by the Indian Standards Institution on the proposal of Shri Ranbir Sen for modification of certain ISI standards sections.

(c) Report of the Indian Engineering Association giving their views about the sections which should be rationalised.

The papers mentioned above were discussed at a meeting held on 22nd August, 1963. The meeting generally approved the line of approach recommended by Shri Ranbir Sen and the Indian Engineering Association. It was, however, felt that a number of details about the exact nature of modification required in the existing ISI sections, the exact number of sections that should be rationalised and the producers to whom such rationalised sections should be allotted will have to be gone into and that this could be more conveniently done by a small committee. The Committee on Rationalisation of Steel Sections was therefore set up by the Government of India, Ministry of Steel and Mines, Department of Iron and Steel, Iron and Steel controller vide their letter No. SC (e)—4 (1)/63 dated July, 24, 1964.

#### TERMS OF REFERENCE

(i) Recommending modifications, if necessary, of certain ISI sections for acceptance by the Indian Standards Institution,

(ii) Selection of sections to be rationalised, and

(iii) Allocation of the proposed rationalised sections among different producers.

#### CONTENTS

Report and Recommendations ; Appendices from 1 to 5.

#### RECOMMENDATIONS

On the first two points, the committee has come to unanimous decision. Their recommendations are the following :

(a) Modification of Sections :

##### Beams

Section	Flange Width	Flange Thickness	Web Thickness	Slop	tf./tw	Wt. Kg./m
1. ISMB 100		tf.	tw.			
Standard	75	7.2	4	98°	1.8	11.5
Proposed	70	7.5	4.5	98°	1.67	*
2. ISMB 125						
Standard	75	7.6	4.4	98°	1.73	13
Proposed	70	8.0	4.8	98°	1.67	*
3. ISMB 150						
Standard	80	7.6	4.8	98°	1.58	14.9
Proposed	75	8.0	5.0	98°	1.60	*
4. ISMB 175						
Standard	90	8.6	5.5	98°	1.56	19.3
Proposed	85	9.0	5.80	98°	1.55	*

ISMB 200 to 600 : As a temporary measure, relaxation be given in the Web thickness by increasing it by 2 per cent and the sectional weight of the new section with increased web thickness has to be calculated.

Channels						
Section	Flange Width	Flange Thickness tf.	Web Thickness tw.	Slop	tf./tw.	Wt. Kg/m
1. ISMC 75						
Standard	40	7.3	4.4	96°	1.66	6.8
Proposed	40	7.5	4.8	96°	1.56	*
2. ISMC 100						
Standard	50	7.5	4.7	96°	1.60	9.2
Proposed	50	7.7	5.0	96°	1.48	*
3. ISMC 125						
Standard	65	8.1	5.0	96°	1.62	12.7
Proposed	65	8.2	5.3	96°	1.55	*
4. ISMC 150						
Standard	75	9.0	5.4	96°	1.67	16.4
Proposed	75	9.0	5.7	96°	1.58	*
5. ISMC 175						
Standard	75	10.2	5.7	96°	1.70	19.1
Proposed	75	10.2	6	96°	1.70	*

(\* to be calculated by the ISI)

ISMC 200 to 400 : The same relaxations as in the case of Beams ISMB 200 to 600 recommended for these sections.

With regard to tolerances, the Committee recommend as follows :

#### Beams

##### (A) Tolerances on Flange Width :

(i) Flange width upto and including 100 mm  $\pm 2$  mm

(ii) Flange width above mm +3 mm

and upto 200 mm -4 mm

(iii) Flange width above 200 mm  $\pm 2$  per cent

##### (B) Tolerance on Depth :

Depth in mm	Tolerances in mm	
	Plus	Minus
75—125	3	1.5
150—200	3	2
225—400	3.5	2.5
450—600	4	3

#### Channels

##### (A) Tolerance on Flange Width :

Same as in the case of Beams

##### (B) Tolerance on Depth :

Depth in mm	Tolerance in mm	
	Plus	Minus
75—200	3	2
225—400	3.5	2.5

At the request of the Committee, the above recommendations regarding modification of ISI sections were communicated by the Iron and Steel Controller to the Department of Iron and Steel and the Indian Standards

Institution. The matter has also been considered by the Indian Standards Institution and they have agreed to accept these modifications for a period of 2 years. The Indian Standard Institution expects that the producers would be able to switch over to the standard sections within this period.

(b) With regard to the second problem, viz. selection of sections to be rationalised.

In addition to these rationalised sections the following special sections will also have to be rolled to meet certain specific important demands :

1. Crossing Sleepers—BG and MG
2. Bearing Plate Bars
3. Telegraph Channels
4. Bulb Angles
5. Z Section
6. Sheet Piling Sections
7. Crane and Bridge Rails
8. Electric Transmission Pole Section (116 mm × 110 mm).

It will be seen that the Committee has suggested rationalisation of only 153 sections. With regard to the Tee Sections, the Committee would suggest that the possibility of producing them by slitting the Beam Sections should be explored by the producers. As and

when slitting arrangement is made, it should be possible for the producers to offer a larger range of Tee sections to meet the country's requirements. This will incidentally save rolls now required to produce Tees. In selecting the rationalised sections, the Committee has taken into account both the engineering properties of these sections and also the present trend of demand of these sections in the country. To enable the producers to achieve maximum productive capacity, the Committee recommend rationalisation of only medium section which are not only comparatively easier to produce but also give a reasonable quantum of out-put per section. According to the calculations made by the Indian Engineering Association, the additional consumption of steel involved in replacement of certain traditional sections by the rationalised sections for several important jobs now under execution would range between 0.01 per cent to 8.56 per cent but mostly within two and half per cent, which may be considered negligible.

In putting forward this scheme, the committee recommend that any reduction in the number of available sections and sizes should be regarded as a temporary expedient. The long term aim should be to provide steel to consumers in India with a wider range of sections and sizes to enable them to approach closer to the Engineering ideal of maximum strength or efficiency for minimum steel (and hence minimum cost). In the export sphere it is particularly important that Engineering

firms should not be handicapped by having access to a relatively limited range of steel sections and sizes as compared with the much larger range available to exporters in other countries. To this extent a more flexible import policy is essential to ensure that exporters of fabricated steel are not unduly restricted in their choice of matching sections.

The committee recommend that the Government of India should immediately take all possible steps to ensure that all the rationalised sections are available to consumers as early as possible. All consumers should also be requested to indent for sections on the basis of the Rationalised list only. If any producer desires to develop any non-rationalised sections for which they anticipate sufficient demand, approval of the Joint Plan Committee should be obtained before any preliminary action is taken in the matter.

With regard to the third problem viz. allocation of sections to different producers the committee could not come to any unanimous decision. It is felt that with the statutory decontrol of structural sections and establishment of the Joint Plan Committee, this problem should more appropriately be referred to that committee to tackle.

This report is confined to the sections to be rolled by the Main Producers. The Re-rolling industry should be left free to roll any other section if sufficient demand are received.

## COMMITTEE ON URBAN LAND POLICY, 1963—REPORT

Delhi, Manager of Publications, 1965. 98p.

Chairman : Shri S.M. Fazlur Rahman  
Members : Shri S.M.A. Majid ; Dr. Rafiq Zakaria ;  
Shri Prabodh Chandra ; Shri Dharma-  
Vira ; Shri H.C. Daga ; Shri S. Dutt ;  
Member-  
Secretary : Shri Gian Prakash

### APPOINTMENT

The Committee on Urban Land Policy was constituted under the Ministry of Health at the Joint Session of the Central Council of Local Self-Government and the Ministers for Town & Country planning vide its Resolution No. 11 in 1963.

### TERMS OF REFERENCE

To examine the problems of urban land policy in the light of the note prepared by the Town and Country

Planning Organisation and the draft Model Land Acquisition Act and the note submitted by the West Bengal Government and considered by the Conference in 1961.

### CONTENTS

Introduction ; Background of the Problem ; Need for a Long Term Urban Land Policy ; Classification of Urban Land ; Measures for Developed Urban Lands ; Measures for Undeveloped Urban Land ; Measures for Urbanisable Limits ; Measures for Mopping up Uneared Increases ; Other Anti-speculation Measures ; Land Acquisition Procedure and Compensation Policy ; Land Development and Disposal Policy ; Organisational and Administrative Machinery ; Summary of Conclusions ; Appendix ; Annexure.

## RECOMMENDATIONS

### Need For A Long Term Urban Land Policy

The facts about the declining man-land ratio, the pitiable urban conditions and the urbanisation perspective make it absolutely clear that a comprehensive long range urban and policy is imperative for India today. But without an effective urban land policy, planned development of the urban and the rural areas is quite inconceivable so also the achievement of many a social objective which the country has set before it.

### Background Of The Problem

1. The average per capita availability of land in India is not only comparatively very low but, because of population pressure, it has been declining continuously over successive census decades. In three of the five Census Zones the per capita availability of land is less than the national average of 1.84 acres.

2. Our country has at present about 1.1 acres of cultivable land per capita as against 1.2 acres in 1950-51. As population grows, this figure will go on declining as food requirements go on increasing. The trend cannot be viewed complacently.

3. Analysis demographic data reveals the relatively fast growth of urban population and urban areas especially of Class I cities. This clearly denotes the lopsided distribution of population as between the urban areas of varying status and the degree of concentration and congestion in the well established major urban areas. Such a situation is undesirable and not conducive to balanced urban development in the country.

4. Most of the urban areas, particularly the metropolitan cities, present a pathetic picture of congestion, over-crowding, slums and blight while within many of them utilisation of land is extremely inequitable. A large majority of them lack even basic services like water supply. Housing conditions are extremely depressing. There are huge backlogs in community facilities etc. All these deficiencies have to be removed and better urban living conditions provided at the earliest. Any attempt to do so is bound to have repercussions on the problem of land, its acquisition, development, distribution and use.

5. The process of urbanisation and urban development does change the character of land from agricultural to non-agricultural and of the population affected in the process from rural to urban. At the same time urbanisation being a direct consequence of economic and industrial development has an element of inevitability and may even be considered a progressive and desirable development provided it is not allowed to take place in the present chaotic manner.

6. For urbanisation to be really conducive to econo-

mic development and human welfare, it must be well planned and well directed. This pre-supposes that urbanisation policy will be intimately and rationally linked with the industrial and other investment decisions and the location of industries etc. The Planning and direction of urbanisation process will have to be in accordance with the pattern of urban development outlined in the Five-Year-Plans.

7. With accelerated economic development the problem of towns is becoming more and more acute and unless it is now tackled boldly it will become increasingly difficult and more expensive with the laps of time. We, therefore, urge the Planning Commission and the State Governments to lay down in the Fourth Five Year Plan in clear terms the policies towards the process of urbanisation and urban development and provide adequate funds for urban development schemes.

8. If a measure of urbanisation is inevitable or desirable the conversion of some land from agricultural to non-agricultural use cannot be helped. Utmost care, would, therefore, have to be taken to see that the urbanised land is put to optimum use.

### Need For A Long Term Urban Land Policy

9. The facts about the declining man-land ratio, the pitiable urban conditions and the urbanisation perspective make it absolutely clear that a comprehensive long range urban policy is imperative for India today. But without an effective urban land policy, planned development of the urban and the rural areas is quite inconceivable so also the achievement of many a social objective which the country has set before it.

10. While a long range land policy is essential and desirable the emphasis on the various objectives or purposes to be served by it will vary from place to place and time to time so also the methods and techniques depending upon the special circumstances and situations to be tackled. These measures, methods and techniques will have to be woven into the texture of the overall programmes and policies for these places.

11. We, however, feel sorry that our country does not yet have a clear urban land policy. The existing legislation concerning the control, regulation and compulsory acquisition of land is far too inadequate in the context of India's changed social setting. It is mainly preoccupied with compulsory acquisition of land.

12. Any blue-print of urban land policy must necessarily cover the multi-farious aspects of the problems of urban land in their entirety and find lasting satisfactory solutions for them. This would naturally imply a series of co-ordinated measures-legislative, administrative, financial and planning to take care of the various aspects of the problem.

### Social Objectives Of Urban Land Policy

13. The principal social objectives of urban land policy laid down in TCPO's paper are to :

- (a) Achieve an optimum social use of urban land ;
- (b) Make availability of land in adequate quantity, at the right time and for reasonable prices to both the public authorities and the individuals ;
- (c) Encourages co-operative community effort and bonafide individual builders in the field of land development, housing and construction;
- (d) Prevent concentration of land ownership in few private lands and safeguard specially the interests of the poor and under privileged sections of urban society.

14. The only known method of organising the land use in the socially desirable optimum manner is that of regional and urban land use planning. Land use planning even when it is focussed on a particular urban area must be regional because from development point of view each community is inter-related in regard to economic, physical and social factors. The administrative limits of the urban areas may not always be coterminous with "planning areas" or areas of socio economic and cultural interaction.

15. Regional planning offers an approach that may prevent undesirable social effects of urbanisation and permit industrialisation without the growth of unmanageable urban centres and slums.

16. The regional and urban plans should be formulated within the overall frame work of the National and State Five-Year Plan Policies, objectives and targets.

17. The Third Five-Year-Plan has recommended the broad objective of "balanced development between large, medium-sized and small industries, and between the rural and urban areas" and stated the four main ingredients of development policy. These policy directions of the Third Five-Year-Plan can be concretised only through the preparation, enforcement and implementation of comprehensive regional plans.

18. The broad dynamic definition of "urban land" adopted by us also necessitates that in urban planning the concept adopted is regional.

19. The regional planning concept is especially significant for big metropolises and major urban or industrial centres where the solutions of the urban problems may lie in creating foci of growth in regions where migration originates or in planning and establishing self-contained communities or "ring towns" or "satellites".

20. The fulfilment of the second, third and fourth objective would imply firstly, a policy of effective public control over land particularly through large scale public acquisition ; secondly a rational and equitable compensation policy ; thirdly, breaking the stranglehold of speculation in land ; fourthly, positive encouragement of bona

fide builders and co-operative and lastly, sympathetic treatment to poor and vulnerable sections of society.

21. We find ourselves in full agreement with these social objectives as they are quite consistent with planning principles, national planning goals and the national objectives of a socialist pattern of society. While these social objectives are unexceptionable and must be pursued vigorously, utmost effort should be made to finance as far as possible, the urban development and improvement programmes out of the urban land resources themselves. In some cases substantial financial assistance may have to be provided by the Central and the State Government also.

### Classification Of Urban Land

22. Urban land is not a homogeneous mass but 'a heterogeneous structure comprising lands of various descriptions'. A proper classification of urban land is necessary as the nature of problems and their solutions in each distinct category of urban land are bound to be different.

23. The classification of urban land into the following four broad categories has much to commend itself :

(a) Developed Urban Land i.e. land within the city limits which is developed and largely built upon. There may be some vacant plots within it which would also fall in this category.

(b) Undeveloped Urban Land i.e. land within the city limits at any point of time which is not yet developed in and built upon.

(c) Land within the Urbanisable limits, i.e. land presently agricultural or un-urbanised but likely to get urbanised within the next 10 or 15 years.

(d) Land beyond the Urbanised Limits. This would naturally be purely rural land and the greater its distance from the city limits the lesser would it be subject to the forces of rural-urban interaction.

24. To this classification we wish to suggest the addition of the following category which we treat as separate and distinct because the problems it raises are somewhat different than in the other categories and call for special attention.

Land, the use of which is frozen as green belt or for agricultural purposes and also land which is reserved for community use.

### Measures For Developed Urban Land

25. In developed urban land the major problems are : congestion and over-crowding blight and slums, non-conforming uses, lack of civic services and community facilities, rising land prices, growing unearned increments and underutilization of land. The measures required to tackle these problems are master plans, zoning regulations, effective enforcement of municipal



bye-laws and urban renewal schemes.

26. It is a pity that in a country which has advanced in the field of national economic planning, regional and urban land use planning should still be in a nascent stage. We need hardly emphasize that the preparation of comprehensive regional and urban plans and programmes deserves very high priority if urban development has to be guided, as it must be, along right lines.

27. Regional and/or urban master plans prepared with comprehension in approach and thoroughness in details and implemented with undaunted determination are the best guarantee to ensure optimum use of the scarce land resources of the nation. These are also the best means to make the urban areas more healthy, comfortable and functionally efficient entities.

28. We strongly recommend that the State Governments strengthen their Town Planning Departments and have Master Plans prepared at the earliest for all their growing urban areas. Where the preparation of Master Plans is likely to take time, interim or outline development plans should be prepared urgently. The State Government will be well advised to seek the technical assistance of TCPO in this matter.

29. We recommend that the Union Government extend liberal financial help to the State Government and Local Authorities not only for the preparation but also for the implementation of Master Plans.

30. It is very necessary that the State Governments have a town planning law based on modern scientific concepts of planning. It should, inter alia, enable the preparation and enforcement of regional plans. Those States which do not yet have an upto date Town Planning Act should expeditiously enact such a law.

31. In order to enable the State Governments and local authorities to plan their cities and regions it is necessary to provide sufficiently large number of town planners. This calls for increase in the facilities for their training. We recommend that the Central Government should establish a number of regional training institutions. Wherever, the Central Government are unable to establish such institutions themselves, they should offer generous financial assistance to the States for the purpose.

32. There is need also to improve the quality of training imparted to the students of town planning courses. The implementation aspects should be given adequate emphasis in the training.

33. More important than the preparation of plans is their implementation. One of the best methods to ensure that the master plans are implemented is to prepare simultaneously with the land use plan a capital improvement programme and a fiscal plan. The same can be evolved into or integrated with the city development plan (Programme) envisaged by the Planning

Commission. The City development Plans should, as Planning Commission also desires, be integrated in an organic way with the State Five Year Plans.

34. We very strongly recommend that the State Governments issue necessary directives to their town planning, local self-governments and planning departments to prepare city development plans (Programmes) for every urban area and particularly that for which a master plan has been prepared. The State Government may very well benefit from the experience of the Town & Country Planning Organization, Ministry of Health, on this subject.

35. Zoning and sub-division Regulations are not in vogue in this country. We would like to recommend that the State Governments and their town planning organizations give serious thought to evolving zoning and sub-division regulations and making them applicable within the jurisdiction of all urban local bodies. The draft zoning regulations evolved by the TCPO and the zoning provisions forming a part of the Master Plan for Delhi could well form the basis for the State Governments to start with. The TCPO's assistance in this task would be available to the State Governments and we hope they will make good use of the same.

36. Where municipal bye-laws and zoning regulations are not compatible, the municipal bye-laws should be revised suitably. The Town Planning Acts should also include a provision that the municipal bye-laws conform with zoning and sub-division regulations. The State Planning Departments should assist the local bodies in having the municipal bye-laws revised suitably.

37. We suggest that the State Government appoint expert committees to modernise the municipal building bye-laws so that they lend support to Master Plans and zoning regulations.

38. There is a good deal of merit in the suggestion that municipal licensing system should be made comprehensive so as to cover, as far as possible, every viable unit of trade, business and industry located within the municipal jurisdiction. A good comprehensive municipal licensing system would, through the exercise of licensing powers help, prevent blight and slums, aid the enforcement of land use plans and give greater regulatory powers particularly test over-industrial units not covered either by the Industries Development & Regulation Act or the Factories Act. Implementation of this suggestion may need amendment of the municipal acts.

39. In evolving and enforcing such a licensing system the urban local bodies should establish close co-ordination with the authorities administering the Shops and Commercial Establishments Act, the Factories Act and the Sales and Excise Taxes.

40. To tackle the problem of the congested and

overcrowded areas three alternatives may be considered, namely (1) wholesale demolition and thorough redevelopment, (2) a programme of selective urban renewal, and (3) a programme of gradual improvement.

41. Wholesale demolition and redevelopment of large built up areas, particularly those which are historically old, will mean sudden displacement of thousands of families and their rehabilitation and any other place would confront the public authorities with administrative, economic and human problems of stupendous magnitude. Such a programme is, therefore, practically out of the question.

42. Urban renewal is a good comprehensive concept. Under this programme the present thoroughly decayed or deteriorated urban areas, particularly in the old but central parts of the cities and towns could be redeveloped to their optimum capacity without extra expenditure on services. Urban renewal programme in the context of the overcrowded areas of big cities should be instrumental in reducing the densities and making available the much needed open spaces.

43. We are inclined to suggest that it may be a good idea to try the programme of urban renewal on a pilot basis in some selected urban areas. Preference in urban renewal projects should, in the first instance, be given to the presently underutilised but potentially valuable pockets of land in cities and towns. Wherever urban renewal is tried it should be done as an integral part of the land use plan and city development plan (programme) mentioned earlier. The Union Government should give reasonable financial assistance to the State Governments for approved urban renewal projects.

44. The third alternative has significant for most of our urban areas, specially the metropolitan cities. This alternative envisages undertaking measures like provision of water taps and drains, minimum necessary street pattern and community facilities etc, or the toning up of the environment with the least possible dislocation.

45. The municipal and/or development authorities should have for the congested areas (1) a systematic policy of gradual decongestion and (2) detailed long-term redevelopment schemes ready, so that new developments fall into the pattern envisaged for the future.

46. In the context of our economic and financial limitation such a gradual but steady improvement programme seems to us the most economical and practicable way of making a dent on the physical living conditions of the vast majority of people living in overcrowded localities.

47. A majority of the houses in the congested areas are substandard. Most of them being rent controlled and the rents from then being very low, the owners have hardly any incentive to improve these houses. The programme should not therefore be confined to toning up of

the environment only. In those cases where the improvement depends upon the co-operation of the land owner, as for example, in covering dry latrines into water-borne flush latrines, a combination of incentives, coercion and financial assistance may be tried. Financial assistance may be particularly necessary in the case of property owners in the every low income brackets.

48. As rent control laws are responsible for hampering urban development and optimum utilisation of land, there is a strong case revising and rationalising the system of rent control. If the rent laws could be suitably amended permitting eviction of the tenants by the landlords in the event of the latter undertaking to redevelop the properties to the optimum capacity in accordance with the Plans and programmes of development, at least in the big cities most of the landlords would be willing to redevelop their land and construct modern buildings thereon. This will lend to fuller and proper utilisation of land and will be in the interest of the community. We, therefore, recommend that suitable provisions in the Rent Control Acts for the eviction of tenants from old and dilapidated buildings should be made.

49. Such eviction will, however, cause hardship to a number of old tenants paying nominal rents and, therefore, some reasonable compensation not exceeding five years' rent may be paid to them in order to facilitate their rehabilitation at other places. In the alternative the evicted tenants could be given an option to occupy portions of the newly constructed buildings on controlled rents. The local authorities may also, if possible, provide some transit accommodation for such tenants to mitigate their hardship.

50. In regard to sub-letting of the premises also the Rent Control Legislation should be amended to discourage, to the maximum extent possible, such a practice.

51. In so far as the "non-conforming uses" are concerned, the obnoxious or hazardous uses should be immediately removed. For others there should be a phased programme of removal depending upon the period of grace granted to them. To expedite their shifting to proper locations, they could be subjected to reasonable administrative and financial measures and denial of facilities for further expansion. Some positive inducements, like tax relief for a few years or a more lenient treatment in the grant of power supply and loan assistance, will also have to be given.

52. In cases where non-conforming uses do not shift even after the period of grace, prosecutions should be launched and recurring fines for each day be prescribed by the law.

53. Vacant sites amount to wasteful non-utilisation of land and services. We unreservedly endorse the idea of subjecting them to normal municipal property taxes.

As regards the imposition of a penal tax on vacant sites, a large number of the owners of vacant sites, keen on constructing houses, find themselves quite helpless because they do not get the building materials. In quite a few cases the vacancy may be for other bonafide reasons like poverty and lack of finances. Under these circumstances we would suggest; firstly that there should be a limit to the size up to which a vacant plot may not be subjected to a penal tax. For plots and sites beyond the exempted size a penal tax should be levied after five years from the time all essential services have been made available.

54. We should also recommend that out-right public acquisition of vacant sites, where these are absolutely necessary for making good the deficiencies in regard to community facilities should be undertaken.

#### Measures for Undeveloped Urban Land

55. Within many municipal limits there is undeveloped land on which pre-mature spotty development takes place. This development is wasteful of land and of a substandard nature. It necessitates the stretching of roads and utility services. Such a State of affairs is neither in the interest of the public authorities nor the individuals. Premature spotty development, should, therefore, be discouraged and compact development promoted.

56. In most of the urban areas, particularly the bigger ones, spotty development generally takes place because of narrowly conceived and uncoordinated activities of the various public authorities themselves. To the extent the scattered spotted development is due to this factor, better coordination among the developments and authorities and the State Town Planning Department could considerably ease the problem.

57. Where individual developer is responsible for scattered spot development, imposition of stringent conditions subject to which alone development or construction may be permitted outside of the compact area seems the only way to improve the situation.

58. The programmes of public utilities and community facilities should be so evolved as to be consistent with the idea of encouraging compact development. Future development in the presently undeveloped areas should be on the basis of planned neighbourhoods forming an integral part of the master plan of the city, if one exists.

59. Speculative transfers take place on a substantial scale in undeveloped land lying within the municipal limits. But as the obligation to obtain prior permission for each transfer with a view to prevent speculation is considered untenable on constitutional grounds the imposition of a levy on such transfer is the only alternative. Such a levy should be imposed in the form of a conversion tax. Where the transfer involves non-

agricultural land the development tax should be levied.

#### Measures for Urbanisable Limits

60. Urbanisable land beyond the city limits is vulnerable to haphazard growth particularly along the highways. Over this land industrial units also come to be established in a chaotic manner. The suggested measures for this category of land are: (1) extension of the municipal limits to cover the urbanisable area and (2) declaring the area as a "controlled" one as has been done under the Chandigarh Periphery Control Act.

61. We see no objection in generally agreeing with the above suggestions. We are, however, afraid that in actual practice extension of municipal limits may not always be workable. We would, therefore, suggest a cautious approach in the matter. Each case of extension of municipal limits should be decided on its merits.

62. Where extension of municipal limits is not feasible or immediately desirable municipal jurisdiction in the of essential planning controls could be extended up to five miles beyond the municipal limits. The other alternative of declaring the area as controlled also appeals to us but we would leave the discretion of either using the Municipal Act or having a separate legislation for the purpose to the State Governments.

63. To check speculative increase in land prices within urbanisable limits and for other reasons of development it is necessary that public authorities gain ownership of land either through mutual negotiations or through compulsory acquisition. Weighing the pros and cons of these two alternatives we are of the view that the purchase of land through negotiations may bristle with too many formidable difficulties.

#### Measures for Land Beyond Urbanisable Limits

64. The use of land beyond the urbanisable limits should be governed by a regional land use plan. Even where a regional plan does not exist some simple special interim measures are necessary to exercise control over major developments.

65. While the setting up of small agro-industrial units in this category of land may be permitted, large industrial units which are likely to change the character of the area should not be allowed in a haphazard manner but strictly in accordance with regional land use plan.

66. In the matter of establishing industrial units there is certainly a great need for co-ordination between concerned rural local body, the urban local body, Director of Industries and the Town Planner of the State Government. Wherever, such industrial units come up in accordance with the regional land use or subject to other safeguards, the rural local body concerned should subject them to adequate taxation, licensing and other

controls.

67. Where some regions show signs of extraordinarily rapid development, it is desirable that early steps are taken to regulate growth of buildings etc. by creating an overall authority controlling development activities therein.

68. It is suggested that necessary legislation for controlling ribbon development along highways should be passed by all State Governments as soon as possible and more important than that enforced efficiently. The Executive Engineer of the appropriate authority should be made responsible for watching developments along the highways and given summary powers of demolition.

#### Measures for Mopping up Unearned Increases

69. Unearned increments in urban land and property values being in the nature of social surpluses must be mopped up for the benefit of the society as a whole. The Third-Five-Year Plan recommends the mopping up of these unearned increases to combat speculation and as a measure to achieve social and economic equity. We also unreservedly endorse this idea.

70. While there is every justification in siphoning off unearned increases the real difficulty comes up in deciding a suitable measure or measures thereof. The measures discussed in the following paragraphs have, however, been considered.

71. Theoretically enhancement of stamp duty or the levy of an additional surcharge on it should be helpful in mopping up unearned increments. This duty is already being levied almost everywhere in India but its yield is hardly significant partly because of the rate of surcharge being low but mainly because of the widespread deplorable tendency to understate the consideration values. Unfortunately there does not seem any effective check against this evil practice. Enhancing the Stamp Duty or the rate of surcharge thereon may, we are afraid, accentuate the tendency to under-quote the valuations in registration. Assessing the measure as a whole, surcharge on Stamp Duty may not be an effective instrument for mopping up unearned increases.

72. Development charge is payable when a land use is instituted or changed or when any 'development' is carried out. Not being based on quid pro quo, the West Bengal Government had doubted its legality unless it was imposed by way of a tax. Even by making it a tax the problem is not solved and a number of handicaps, like its overlap with other property taxes, inability to operate unless development is applied for and discouraging effects on the process of development, limit its usefulness. We therefore, feel that while a modest development charge may attend the grant of planning permission, subject to its co-ordination with other local and State taxes on property much reliance

on it cannot be placed in so far as the larger question of mopping up unearned increase is concerned.

73. The general experience of betterment levy, already being collected under some State Town Planning Acts, is reported to have been not very happy. Due to difficulties in its administration and applicability to limited areas betterment levy as a general measure for mopping up unearned increases does not appear to be satisfactory.

74. A tax conversion of land from agricultural to non-agricultural use could be useful device in so far as the lands around urban areas are concerned where the extent of speculation is more than anywhere else. We recommend the adoption of this tax and further suggest that it should have a differential rate schedule for conversions residential, commercial and industrial uses. Being a measure of limited application we would like the Conversion Tax to be accompanied by some board-based measure having universal application.

75. An annual tax on unearned increments suggested in the TCPO's Note on Urban Land Policy, has, no doubt, many more merits than in other measures. Such a tax would be quite broad-based and effective. The practical difficulties amending such a levy are bound to be quite serious. The question of its levy may, nevertheless, be examined by the Central Government. We are of the view that having a new tax the existing taxes should be so framed as to mop up unearned increases to the maximum extent possible.

76. As regards changing the basis of municipal property taxation from annual to capital value, it is very difficult for us to hazard any definite views on this subject. All that we may observe is that there is definitely an urgent need to rationalise the system of municipal property taxation.

77. Another related issue is separate rating of site and development and the application of lower rates on development and graduated higher rates on site value. As this measure will introduce drastic changes in the system of municipal property taxation, necessitate complex valuation machinery and give rise to many administrative difficulties, we are not inclined to endorse it.

#### Other Anti-Speculation Measures

78. One of the major issues in urban land policy concerns speculation in land. We fully share the view that no proper solution of the urban land problem would be possible so long as wide-spread speculation in land continues.

79. Besides other measures discussed earlier, TCPO's note suggested that the public authorities assume the right of pre-emption at the price indicated by the owner. Even though we appreciate its effectiveness as an anti-speculation measure, we are unable to

recommend pre-emption because legal experts consider it too serious an infringement of Article 19 of the Constitution.

80. Though the enforcement of a ceiling on urban land holdings bristles with numerous complications, yet we feel very strongly that the idea should be in principle be accepted and implemented in all new allotments of land made by the public authorities hereafter for residential purposes.

81. The public authorities must make it a policy (i) of not allotting a plot of residential land area already owns a residential plot in the urban area and (ii) of not allotting to any one individual land beyond a reasonable maximum size. Exemption from this rule may, however, be given to (i) registered organization like the co-operatives and public and private limited concerns engaged in the business of land development and disposal; (ii) persons constructing dwellings, groups houses or flats for rental purposes and (iii) people living in congested localities or in houses built on very small plots or those owning a small share in joint family houses.

82. Though theoretically there is nothing wrong in prescribing a time limit for completing constructions, yet in view of the prevailing shortage of building materials we feel that such a limit should not exceed five years after the services have been provided. Only thereafter should a heavy tax, increasing with the passage of time, be made applicable.

#### Land Acquisition-Procedure and Compensation Policy

83. The most complex but crucial of the problems of urban land policy relates to compulsory public acquisition of land. It has been suggested that large scale public acquisition of land should be undertaken in the undeveloped areas and in areas within the urbanisable limits. We, too are of the view that there is no escape from it. We would even observe that it would really be in the best interest of the society as a whole. It is by far the best and perhaps the only way to put an end to speculation in land, capture subsequent increases in land values, enable proper planned development and use of land and to enable the public sector to extend its control over vital land resources.

84. Advance acquisition of land could be possible by the Government notifying under Section 4 of the Land Acquisition Act the entire area of land it wishes ultimately to acquire. While there is no legal impediment to freezing large areas, we do not feel quite happy that large area should be notified for acquisition and the actual possession of the same should be taken after the lapse of a number of years. At the same time we cannot resile from the stand that large scale advance acquisition is necessary and desirable. We, have, therefore, to strike a proper balance in reconciling this conflict

between the social and the private interest.

85. Our suggestion is that Government may notify in advance large areas for acquisition. But where the Government fails to take possession of the land within a period of five years, it should assume the liability of paying, in addition to the compensation, interest on the amount of compensation at the bank rate for the period in excess of the first five years from the date of notification. As this is not permissible under the Land Acquisition Act of 1894, necessary amendment to the Act should be made. Considering the fact that the land after notification remains (till taken possession of by Govt.) in the possession of the owner who can continue using it, payment of interest should be a more than adequate recompense for losses, if any, sustained by him due to uncertainty. On the other hand, liability to pay interest would deter the Government from erring on the side of excess in notifying land for acquisition.

86. Even though large scale advance acquisition of land is within the realm of feasibility, we would like the public authorities to undertake this systematically. They should assess the land requirements for a few years and evolve phased annual programmes for acquiring, developing and disposing off land.

87. We consider it desirable that instead of different local bodies and development agencies handling the work of land acquisition etc. each in a limited isolated way, these functions could be better performed by a high powered Board or Authority. The problem of finances may also be easier in the case of the Board/Authority.

88. By and large, compulsory public acquisition of land is governed by the land Acquisition Act of 1894. There are a few special acts also under which land can be acquired. It is, however, found that the acquisition provisions of the special Acts have not generally been utilised.

89. The non-utilisation of the special provisions governing acquisition indicates the inherent practical difficulties in making any departures from the general practice of paying compensation as provided in the land Acquisition, Act. We are convinced that there should not be separate enactments governing the acquisition of land as the use of separate enactments embodying different compensation formulae may be accused of being highly discriminatory, legally untenable and socially undesirable. The only exception to this should be Acts governing Slum clearance.

90. Experience all over the country shows that the entire procedure of acquiring land is highly dilatory with the result that work on projects of public interest suffers. The Law Commission have also made a pointed reference to these procedural delays.

91. The Law Commission have suggested a few amendments to the existing land acquisition Act to make

the acquisition proceedings more expeditious. The Commission have, in fact tried to stipulate a definite time limit for each step in the acquisition proceedings and an overall time limit for the completion of the proceedings by the Land Acquisition Officer.

92. The suggestions made by the Law Commission are, no doubt, good but even after incorporating them delays in acquisition proceedings are likely to be considerable. The commission have themselves suggested the appointment of special courts where public authorities undertake large scale acquisition of land. We feel that in addition to special courts for disposing of references arising out of cases of land acquisition, special land acquisition officers dealing exclusively with this job should be appointed.

93. A point for our consideration was whether references against compensation awards should be made to the ordinary law courts or to Tribunals presided over by a person of the rank of not less than a District judge and consisting of an assessor, estimator and other experts like engineers etc. We are greatly impressed with the idea of such Tribunals as there are so constituted as to have special expertise on valuation problems and would help in reducing delays in deciding references by simplifying the procedures of hearings, evidence etc. Some members of our Committee do not, however, approve of the Tribunals and desire the ordinary law courts to continue deciding such cases. They suggest that wherever large scale acquisition of land is involved special judges' courts in requisite number should be appointed to deal exclusively with land acquisition references.

94. The Land Acquisition Act of 1894 enjoins that compensation should be based on 'market value' of land as on the date of preliminary notification under Section 4. In addition, Section 23 (2) of the Act requires a solatium of 15 per cent to be given. The Law Commission have recommended the continuance of both market value and solatium.

95. As against the Law Commission's recommendations, TCPO's Note on Urban Land Policy contends that by paying compensation based on market value the public exchequer makes payment not only for the actual worth of land but also for unearned increases and speculative values and that only way in which accumulated unearned increments and potential developments values could be removed from the compensation-calculus was to peg land values to some 'earlier date' subjected to further necessary modifications.

96. We would not deny that the above arguments against market value are quite well founded and that one of the ways to rid the compensation liability of illegitimate speculative elements is to ante-date compensation. We were skeptical and ante-dating may not

be held constitutional and legal. The position would appear to be that if ante-dating is such as to render compensation illusory or to be no principle of compensation at all it would be unconstitutional; but if it is rational and bears some proximate relationship with relevance to the date of preliminary notification under and Section 4 it would not be bad.

97. Even though ante-dating may be legally feasible in actual practice it will be extremely difficult to fix any particular date or dates to which compensation should be pegged down. This practical difficulty apart, the need for ante-dating does not arise once large scale advance acquisition of land is undertaken. The effect of large scale advance acquisition is practically the same as that of ante-dating compensation. Of the two alternative we prefer advance acquisition of ante-dating. There, however, may be instances where subsequent to the publication by the Government its intention to undertake a scheme or to prepare a master plan speculative activity may precede Govt's notification for acquisition. In such cases which, in our opinion, should be an exception rather than the rule, the compensation may well be ante-dated to rid the compensation liability of speculative increases in land values.

98. Another related issue is the question of compensation for areas shown as open spaces, parks and gardens or reserved for similar community uses in the Master Plans. Once land is earmarked for such a use the owner is deprived of his right to develop the property. Under the existing law no compensation for it is payable and the provisions are that such lands should be acquired by the public authorities. Where public authorities are under a legal obligation to acquire such plots of land a time limit within which they should do so must, however, be stipulated. A time limit of 10 years is considered reasonable by us.

99. The provision of solatium does not exist in the special acts and a majority of the public authorities do not consider it necessary to give any solatium. The Law Commission have, on the other hand, recommended the payment of solatium.

100. We are of the view that the payment of solatium should not be necessary or justified in each and every case of public acquisition. We are more inclined to treat this issue as a part of the larger problem of rehabilitation of the dispossessed persons. In any acquisition proceedings each and every individual will not need public assistance in getting rehabilitated. It is, therefore, desirable that simultaneously with the launching of acquisition proceedings a proper survey is made to identify and classify people who would need to be rehabilitated. Suitable measures (mentioned in the report) for their rehabilitation should be undertaken.

## Land Development And Disposal Policy

101. It is imperative that public authorities engaged in land acquisition should have a proper land development and disposal policy.

102. In land development and disposal the general practice seems to be to allot land after its proper development by the public authorities themselves. It has been stated that development of land should not be left in private hands because development cannot be ensured according to prescribed standards. We too share these apprehensions. We, however, realise that quite often the public authorities may be able neither to muster sufficient resources nor to maintain the required speed with which land should be developed and disposed off.

103. In the above context it is not only useful but essential to make the best use of the agency of private colonisers, co-operative societies or other persons holding sizeable areas of land.

104. In order to check the activities of those permitted to develop colonies it is necessary to acquire land and then lease it out to them for development and disposal also charging alongwith premium the cost of external development.

105. Only a certain percentage of the area approved for development through the private agency should be available to it for disposal on predetermined terms and conditions. After the developer's selling the land to the actual user, the latter should enter into a lease-deed with the improvement Trust or the Development Authority.

106. Where public authorities undertake to develop land themselves, it is highly necessary that they create the required organisation and procedure the needed finances so that land development is completed expeditiously.

107. To minimise the administrative, financial and organisational burden involved in the development of land and to expedite the process of making it available to the public, development agencies may dispose of raw land to other public authorities, registered co-operative societies and registered bonafide colonisers subject to proper safeguards.

108. On considering the relative merits of lease-hold and free-hold, we fully favour the former because it retains the ownership of land with Government, allows greater control and manoeuvrability and enables the Public authorities to capture part of unearned increments in land values at the time of transfer.

109. The terms and conditions in the lease deed should, among other things. (1) make it incumbent on the lease-holder to obtain prior permission for transfer of land; (2) provide for re-capture of unearned increment and (3) stipulate the right of pre-emption exercisable by the public authority in cases where considera-

tion values are prima-facie understated. As regards the period of lease generally speaking, a period of 30 years is considered normal with optional renewal upto 90 years. At the time of each renewal the lease money could be enhanced upto one and a half times of the original.

110. In executing the programme of land disposal, adequate land should be earmarked for industrial, commercial and other uses and the land property subdivided subject to a minimum and maximum plot size. Great care should be exercised in fixing the minimum and maximum plot sizes for industrial and commercial uses.

111. Another significant aspect of land disposal policy relate to price policy. We are glad that some sort of a discriminating price policy is already being practised. There, however, is need to refine the policy further. Its overall objective should be to help the poorer sections and to encourage uses which are in the larger interests of the community. The financial soundness of the Scheme as a whole should not however be jeopardised.

## Organisational And Administrative Machinery

112. Unless the various measures suggested by us are evolved in a co-ordinated manner and enforced simultaneously it will not be possible to make any impact on the problem of urban land. Partial acceptance and enforcement of these measures may be discriminatory and cause more harm than good.

113. The implementation of the various measures suggested by us calls for an effective organisation and a high degree of administrative and organisational co-ordination, collaboration and concerted action. Under the existing administrative and organisational framework there does not seem any particular public authority which may be considered suitable for the purpose of bringing about the required co-ordination and integration in policies and programmes bearing on urban land problems.

114. We are of the view that the task is much more difficult than what can be tackled by isolated agencies and recommend that there should be in every state a statutory high powered Board or Authority which should be the planning and co-ordinating agency for resource and metropolitan regions and major urban areas where the problems may transcend the local jurisdictions.

115. In a number of areas it is found that there is multiplicity of agencies doing same work with considerable overlap and clash of jurisdictions. We recommend that wherever, possible this multiplicity of authorities should be done away with, and an attempt made to rationalize and consolidate them. This authority besides generally guiding and advising State Governments, urban local bodies and development agencies on matters

pertaining to urbanisation, urban development and planning would work as the co-ordinating agency for planning and development. It will also endorse the plans prepared by it and may also undertake the implementation of various development schemes itself.

116. For the Board/Authority to perform such a wide range of functions it will become necessary for it to set up its units in the areas where it has to operate effectively. The Board/Authority should have a whole-time Chairman, two or three whole-time members. Besides it should have as its members very senior officers of the concerned State departments and one or two members of the Parliament, State Legislature or local authorities. Its principal executive head should be vested with sufficient financial and executive powers.

117. In view of its large responsibility this Board/Authority should have a well equipped team of technical and administrative personnel. Where the Board set up an agency at the local or regional level it would be useful to have a Local Advisory Committee.

118. Where the State Board/Authority is not in a position to establish its units it may entrust the urban development functions to a suitable local agency subject to its general direction and control. In such instances

the State Government should ensure that the local agency is adequately empowered and properly financed. Even here a local Advisory Committee would be highly useful to seek inter-agency co-operation and co-ordination.

119. Our recommendations may need certain modifications. We would still urge the State Governments to so modify our recommendations as not to impair their basic character.

120. The idea of a Valuation Organisation has some merit and we wish to commend it to the State Governments for their very sympathetic consideration. Such an organisation can certainly be utilised for many related assignments. If Valuations organisations are established, appeal against their assessments may be referred to the Tribunal recommended earlier.

121. We recommend to the Planning Commission and the Central State Governments to give adequate attention to the problems of urbanisation, and high priority to town development and improvement and hope that sufficient funds would be provided in the Fourth Five-Year-Plan for the purpose. No less important and urgent is the question of creation of adequate machinery for the implementation of schemes and carrying out suggestions made in our report.

## ENERGY SURVEY OF INDIA COMMITTEE, 1963—REPORT

New Delhi, The Ministry of Irrigation and Power, 1965. 441p.

Chairman : Shri M.R. Sachdev

Joint

Chairman : Mr. Walker Ciser; Prof. Austin Robinson ;

Members : Mr. Louis de Heem; Mr. Jacques Desrousseaux ; Shri K.R. Damle ; Shri K.P.S. Nair ; Shri P.R. Nayak ; Shri A.B. Guha ; Shri S.S. Kumar ; Shri S. Bose ; Shri M.N. Chakravarti ; Shri B.S. Nag ; Shri P.S. Lokanathan ; Dr. V.K.R.V. Rao ; Dr. M. S. Randhawa ; Shri Pitambar Pant ; Shri V. Nanjappa ; Shri C.S. Krishnamoorthi.

Advisor : Prof. M.S. Thacker ; Shri C.M. Trivedi ; Dr. H.J. Bhabha

### APPOINTMENT

The Energy Survey of India Committee was constituted under the Ministry of Irrigation & Power vide their

Memorandum dated 3-1-1963.

### TERMS OF REFERENCE

The Energy Study would cover present and prospective demands and supplies of energy, both total and in respect of all constituents of energy on a national, regional and sectoral basis. It would be expected to provide the Government of India basic material for development planning in the field of energy upto 1981. In making this study, the Committee will give consideration, among other things, to use of energy in rural areas.

The Committee will also study development of power resources—hydro-electric, thermal (including coal, lignite, oil and gas) and atomic energy, and make recommendations as to phasing in which these should be brought into use progressively. The Committee will also study the question of fuel for thermal power stations, availability of fuel, best location and sizes of plants. The fuels to



be considered would be coal, oil, gas and atomic energy."

## CONTENTS

Foreword ; Preface ; Abbreviations and Equivalents ; Terms of Reference ; The Energy Problems of India ; Recent Trends of Energy Consumption ; Estimates of Future Demands ; Forecasts Based on Sectoral Projections, Transport ; Forecasts Based on Sectoral Projections, Industry ; Energy use in Agriculture ; The Domestic Sector ; Final Estimates of Demands ; The Regional Distribution of Demands ; Problems of Coal Suppliers ; Problems of Oil Suppliers ; Problems of Electricity Suppliers ; Capital Investment in Energy ; The Pricing of Energy ; Summary and Conclusions ; Annexures from I to VI.

## RECOMMENDATIONS

### General

In this final chapter we bring together the principal conclusions and recommendations of our Survey. We begin with general considerations and then go on to present our principal conclusions regarding each of the main sectors of demand and sources of energy.

The total energy resources of India are adequate but not abundant for the present stage of Indian economic development. Much of the coal is made difficult to use by its high ash content. The indigenous oil supplies are not sufficient to meet more than a relatively small fraction of India's prospective requirements and unless new discoveries are wholly different in scale from those yet known ; a large part of the demand for oil will have to be met by import.

Much of the coal, and all of the coking coal, is moreover situated in the Bihar/West Bengal coal field in North East India. While other coal exists and is likely to be increasingly developed as time goes on, there are large parts of Southern, Western and North Western India that are distant from any coal supplies.

The limitations imposed by the geographical distribution of the coal fields are in considerable degree mitigated by the fact that the hydro resources of India are largely in those parts of Southern, Western and North Western India which are distant from coal resources.

In planning the economic development of India it will be important to have clearly in mind these geographical limitations of the fuel supplies. In all advanced countries energy supplies have been very powerful factors in determining the location and development of industries. The costs, efficiency and competitive position of the heavy metallurgical industries are particularly sensitive to the delivered prices of their materials and fuels,

including transport costs. The iron and steel industries have tended to grow up either where coal has been available on the spot (as in the Ruhr and in most of the traditional locations in the United Kingdom), or where coal could be very cheaply transported, usually by ship or barge, to the source of the iron ore. In India the location of all coking coal in the Bihar/West Bengal area will impose limitations on the choice of sites where costs in the iron and steel industry are generally competitive. If other more distant sites are to be adopted, it will be necessary to consider very carefully in advance the possible method of economic transport of coal or coke to the site concerned. Our investigation suggests that for some of these sites imported coke or coking coal may possibly be more economic than Indian supplies.

But in a broader sense the most economic use of India's natural resources and energy resources may require recognition of the advantages of locating in fairly close proximity to the coking coalfields those industries which are energy intensive and must depend on actual direct use of coking coal and on the other hand locating in those parts of India which are more remote from such coal resources a larger share of the industries which are not energy intensive. The availability of cheap energy in the Bihar/West Bengal area in the form of by product coals from the wash-heries may give opportunities to locate in that region energy-intensive industries producing cheaply for export markets.

The pattern of the Indian energy economy will be dictated by the relative advantages and relative costs of different fuels. The trend of almost all of the economically advanced countries is at present towards an oil-based energy economy. There are evident signs in India of a similar trend ; but some caution is needed before assuming that this trend should be accepted and encouraged in Indian conditions. Oil is an indigenous and very plentiful fuel both in the U.S.A. and in the U.S.S.R. The trend towards oil is moving much more slowly in most of the European countries which are more similar to India in having little or no indigenous oil and in being necessarily concerned with the possible effects on the balance of payments of large imports of oil.

In the case of India our first estimates suggested a very high future dependence on oil, more particularly if one had assumed that some of the difficulties of supplies of domestic energy that we foresaw would be solved by very substantial increase of the use of kerosene. But even on the basis of the revised estimates that we have presented in this Report, the share of energy imports (including both crude oil and products and all the capital equipment used in the energy sector) in the total of imports increase from about 19% in 1970/1, to 24% in 1975/6 and to 38% in 1980/1. These represent a very formidable charge on India's prospective imports and

we feel serious doubts whether the Government of India would be in any position to provide for larger oil imports than we have assumed.

We have estimated the demands for energy both in total and in all forms. The amount of energy that will be required for Indian development will clearly depend on the rate of that development. At the time of our Survey the Planning Commission had not completed its work on the next Plan Period nor had it officially formulated assumptions about more distant periods. We have therefore thought it best to present alternative calculations. Based on alternative assumed rates of growth. These are presented in detail. In view of the high cost of investment in energy it will be important to secure that. While keeping abreast and actually developing needs, it does not run far a head of the realities and actual development in practice.

### Coal

While supplies of non-coking coal are (as was said above) abundant in quantity, supplies of coking coal are not abundant, though probably sufficient to meet needs until the end of this century. Economy of coking coal is most important. At present, only about 40% of the coking coal that is in the ground in the seams that are being worked is recovered and brought to the surface only about 60% at most of what is recovered from the mine is delivered as 17% ash content washed coal from the washeries to the coke-ovens. Thus in total less than 25% of the potential coking coal is actually available to be used for the purposes for which it is essential. It is important that improvement of this performance should be sought in every way: through economy of coke in the blast furnaces; through acceptance of as large a fraction of the total ash as practicable by the coke-ovens from the washeries; but above all through recovery from the mine of a substantially larger proportion of all coal that is available in the seams. We know that all these problems are being actively examined by the Department of Mines and Metals and that there is hope of a significant increase in the recovery rate and of lower ratios of coke to pig-iron. But the matter is so important that we hope even greater efforts will be made to achieve economies. We recommend that any necessary resources be made available to put into practice both the improved mining methods and even greater economy of use of coke that is proposed.

Whatever may be done to conserve coking coal, it is clear that with the progressive expansion of the iron and steel industry there will be increasing demands for washed coking coal and increasing supplies of coking coal by products. We have examined with care the relative economies of using two-product and three-product washery processes. We are convinced that the two-

product process will produce by-product coals which can find an economic market, principally for thermal electricity and that this process is to be preferred.

We have examined with care the economic problems of transporting these by-product coals and using them economically. We are satisfied that, if suitably priced, a market can be found for all the by-product coals that we likely to be produced.

These coking coal by-products are likely, however, to find markets principally in uses which are normally met by non-coking coals. Having regard to the substantial amounts likely to be available, there may be no more than a small additional requirement for non-coking coals in the next Plan period. By-product coking coals, if suitably priced and transported in closed-circuit train loads can meet the requirements for coal for thermal electricity stations and other purposes at points as far as and beyond most of the outlying coalfields that it has been proposed to develop. We suggest that the wisdom of developing in the near future some of these outlying coalfields be re-examined.

In addition to the problems created by the by-product coking coals there are further problems created by the large amounts of slack coal that are produced as part of the process of mining the non-coking coals.

More incentive is desirable to encourage mining methods which will reduce the proportion of slack to a minimum. But a considerable output of slack is inevitable. We recommend that there be price at levels that will encourage its consumption in all uses for which it is suitable. We recommend also the urgent examination by the Central Fuel Research Institute of the possibilities of producing from this slack a domestic fuel that will relieve the present excessive pressure of the demand for firewood.

The long-term success and prosperity of the coal industry must depend on increasing the efficiency of coal-mining. The output per head is at present very low in many of the older private-sector mines. All that is possible should be done to increase their productivity.

The demands for coal estimated in this Survey are appreciably below other estimates that have been made. One important source of difference has been the use of existing inputs of energy to calculate requirements in later years. While this is a normal and proper procedure, some allowance needs to be made for the progressive economies of the use of fuel which have greatly affected the trends of demand in more advanced countries. Some of the errors has been due to use of "ready reckoners" of demand for coal in thermal generation of electricity which seriously exaggerate the probable requirement.

There is a strong trend towards greater dependence on oil as a source of energy. It will be desirable to explore all possible ways in which India's oil supplies can be increased. Much is already being done to explore the possibilities of further indigenous supplies. But unless discoveries are made on a scale wholly different from any hitherto, a very large proportion of Indian oil supplies will have to be imported (we estimate the proportions in 1975/76 as about 75%). It is of great importance to explore all possible ways, by trade agreements and otherwise of increasing and making more certain India power to purchase these necessary supplies.

At present relative costs of coal and oil, the use of oil is more economic on the highly industrial regions of western and southern India. There is a likelihood that demands may increase in those and other regions even beyond India's capacity to finance imports, and it may at some stage be necessary to take measures which will make the use of indigenous fuels more attractive.

The principal increases of demand for energy in the form of oil seem likely to arise in transport (where both the growth of road transport and the proposed dieselisation policy of the railways will substantially increase demand) and in the domestic sector (if the shortage of firewood that we foresee leads to increased dependence on kerosene). The longer-term repercussions of a dieselisation policy on the balance of payments will need to be considered in advance.

The pattern of Indian consumption of oil products does not accord easily with the potential output of Indian refineries from the most easily available crude oils. In the past India has been short of Kerosene. In future India seems likely to be short of middle distillates generally as the result of the prospective growth of demands for diesel oils. On the other hand India is likely on the present and prospective pattern of demand in the absence of policy changes to have surplus supplies of gasoline and naphtha at one end and possible of fuel oil at the other end, even when the output of refineries have been adjusted so far as possible to meet the changing pattern of demand. It may not be easy to export the surplus gasoline at reasonable prices to neighbouring markets or to acquire consideration needs to be given to the wisdom of present taxation policies which tend to discourage consumption of gasoline and encourage consumption of diesel oils.

The net effect of a continuation of the present taxation is likely to be an increase rather than a decrease of the total required net cost of imports of oil and oil products, even when allowance is made for the lower consumption per kilometer of road transport using diesel oils. It is probably in the national interest to encourage gasoline consumption in all forms of transport that can reasonably use it to take advantage of the cheaper

initial cost of internal-combustion engines designed to use gasoline.

There is also likely, in the absence of changes of policy, to be a surplus of naphtha. This can probably be absorbed without great difficulty by suitable planning of fertiliser and petrochemicals production and possibly by use to economies in the iron and steel industry.

If there is not to be a surplus of fuel oil, it is desirable to encourage its consumption in those areas near to refineries and distant from coal fields where it is likely to be an economic source of energy in industry or the generation of thermal electricity.

### Electricity

Policy in the planning of electricity needs to be co-ordinated completely into a national and regional energy policy. The location of thermal power stations should be made with full consideration not only of the trends in the development and location of demand but also of the availability and location of the cheapest sources of primary energy. The large volumes of coking coal by products in the regions of the iron and steel industry washeries will exercise a very important effect on the desirable locations, which are likely to be increasingly supply-oriented rather than demand-oriented.

Examination has been made of the relative costs of using newly developed coal mines nearer to the demand-centre or by-product coal carried by rail in a closed circuit operation. This has shown that at distance up to and above 1000 Kilometres, it is likely to be more economical to use the by-product coals. Examination has also been made of the relative costs of carrying coal by rail to a demand oriented power station transmission lines from a supply-oriented power station near to the coal washery. This has shown that for large blocks of energy there is an economy in constructing such transmission lines and adopting the washery location.

Examination has been made of the relative economies of generating plant of different sizes. The economies are such that there is advantage in a progressive move towards larger size, but not necessarily towards greater complexity, so far as this is achievable with the present experience and resources of the heavy electrical industry.

The relative costs of generating electricity in thermal, hydro and nuclear stations have been analysed in detail and in terms of the prospective costs of constructing and providing fuels for each in Indian conditions. This analysis shows that in certain locations at a distance from cheap coal supplied and where hydro is not available, nuclear energy is already competitive. For the next ten to fifteen years while experience is being gained with nuclear energy there are adequate other sources of

energy available of required. Thus, the decision to build nuclear stations should be reached on purely economic ground. During the 1970's when the problems of using thorium have been satisfactorily resolved, nuclear energy is likely to become increasingly competitive.

The same analysis makes it clear that the best ultimate strategy of electricity generation is to use hydel increasingly to meet peak loads and to carry the base loads on steam plant using wherever available by products coals and in some regions on nuclear plant. There are likely to be some regions, particularly in Northern India where the development should probably be based wholly on hydel.

The full and effective use of large thermal and nuclear station and their integration with hydel stations is impossible unless transmission lines are available to the necessary extent. Indian investment in transmission and distribution has been inadequate and a large investment is necessary in the next Plan Period if full use is to be made of nuclear and other generating plant already planned and beginning construction. A beginning with the construction of extra high voltage transmission lines is recommended before 1970-71.

Careful consideration has been given to the organisation electricity supply that is most appropriate to the changing technical conditions and to the need for greater integration than has existed in the past. We welcome the creation of Electricity Supply Regions. We hope that this very necessary integration of the planning and operation of the generation of electricity may be achieved without any formal re-organisation and by the voluntary co-operation of the State Boards within the various Regions and of the Regions themselves. It will, however be necessary to watch carefully the progress of co-operation on this basis and it may at some stage be necessary to consider whether a greater degree of central ownership and control of generating is a necessary condition of an effective generating policy. If that should sometime become necessary, it will remain desirable that state Boards should be responsible for all distribution. And in any new organisation that may be worked out, effective decentralisation of day-by-day operations will be absolutely essential. We make certain subsidiary proposals for the strengthening of the state Boards.

We have considered the problems of the pricing of electricity. We recommend that every effort should be made to reduce costs and to make prices as low as is compatible with an efficient and healthy industry. But we recommend that the state Boards should be encouraged to earn a reasonable economical return (which we estimate at 10%) on their invested capital and to provide from their retained earnings and depreciation funds a substantial part of the capital funds needed for expansion.

sion.

In the interest of improved efficiency we suggest that careful attention be given well in advance to the training of the technical staff that will be necessary. We believe that overseas suppliers of equipment would be prepared to collaborate in such training both in India and, where appropriate, in similar large stations abroad.

Rural electrification should be expanded as rapidly as possible to all places of suitable size in rural electrification on a strictly commercial basis. Having regard to the very large rural population of India and the importance of the electricity supply industry retaining adequate funds for the expansion of its general activities it is not likely to be possible for rural electrification on a large scale to be subsidised to the extent that it is in most advanced countries by Urban electrification. We recommend that rural electrification be regarded more as a social service than as a strictly economic enterprise and possibly financed in part from general revenues.

### The Domestic Demand

There are grounds for very serious concern regarding the supplies of energy to the domestic sector. Principally for cooking but partly also for lighting, fans and air-conditioning and other purposes. The domestic demand have largely been met from traditional non-commercial sources, including firewood, cattle dung and waste products, but partly also in recent years from kerosene and electricity. The statistics are inevitably somewhat uncertain but recent inquiries have made it possible to present more accurate estimates. In 1960-61. In non-commercial forms of energy probably provided about three-fourth of the total energy used in India and about nine-tenths of the energy used in the domestic sector.

This large supply of non-commercial energy has only been made possible by the cutting annually of about 100 million tonnes of firewood. This almost certainly exceeds the growth of available timber and involves the progressive deforestation of India. The growth of demand in the domestic sector that we forecast will, if nothing is done, rapidly denude increasing areas of India.

We fear that if there are no immediate steps taken, shortage of firewood will cause grave hardship and lead to much larger demands for kerosene than Indian potential imports are likely to be able to provide. We recommended that immediate and active measures are taken jointly by the Government of India and the State Governments to formulate and implement a policy for expanding the growth of quick-growing timber suitable for use as firewood this will require the assignment to this use of considerable areas of land.

In addition we recommend that measures be taken to produce and popularise the use for domestic purposes of commercial fuel is based on indigenous coal supply.

### The Pricing of Energy

A satisfactory national policy for energy requires that all consumers of energy shall use those forms of energy which, having regard to the circumstances of India, can be most economically provided to meet their needs. It is of the essence of a satisfactory energy policy that consumers shall have the right incentives to use the right fuels. We have set out what we believe to be the essentials of an energy pricing policy. We recommend that the various bodies concerned in the making of prices for energy products take full account of the importance of establishing the right incentives for consumers to use the most economic fuels.

If the present pricing policies are not revised, we foresee serious surpluses of unsaleable coking coal by products and non-coking coal slacks. The disposal of these would cost considerable sums and be a grave waste of national resources. From a national planning point of view these surpluses are available at zero cost. They should be clear the market. At present the incentives to use them are inadequate.

There are likely to be similar problems in the pricing of oil products which in this case are affected by taxation policies. We recommend that taxation policies should take account of the probable deficits and surpluses of different types of oil products.

### Investment in Energy

We have estimated the probable investment required in energy at different dates down to 1980-81. The ratio of investment in energy to total investment is about that which might be expected on the basis of similar inquiries in European Countries.

We have estimated also the proportion of the gross investment which is likely to take the form of imports in the basis of present trends. We think that it will be important that India shall as rapidly as possible reduce the dependence on imported equipment to a minimum so as to reduce also the necessary foreign expenditures below those that we have estimated. Part of the large dependence on imports arises to result from the desire to progress in respect of installation of types of equipment rather more rapidly than Indian capacity is likely to be able to progress in respect of their manufacture. It will be necessary to hold a balance and to put heavy emphasis on the manufacture in India of type of equipment which at each stage can be produced with a low

import content.

Plans for investment in energy need to be based on the best possible estimate of the future requirements for energy. In the case of electricity such estimate are provided both by the recently established Annual Electric Power Survey of India and by such studies as have been made on behalf of our Energy Survey. We have found discrepancies in respect of 1970-71 between our own estimates based on the probable requirements of KWH in different industries in India as a whole and the estimates of the Power Survey. We believe that both the methods of estimation of future requirements are valuable. But we take the view that better short term estimate extending over two or three year ahead can be provided (as does the Electric Power Survey) by building up detailed local estimates of future connected loads. We take the view that estimates for more distant dates can better be made and better escape errors different industries and the corresponding energy requirements. Each method provides for intermediate dates a valuable check on the other.

### The Making of Energy Policy

We are convinced that it will be desirable to keep constantly under review the trends of energy consumption and to reformulate policies as circumstance change. We greatly welcome the establishment within the Planning Commission of a unit that will be concerned under one Member of the Commission with energy problems. We recommend that this unit be charged with the responsibility for the collection and organisation of the statistics that are essential to any such work.

We would expect that it will be desirable to repeat at intervals of about five years same such survey as we have undertaken in order that it may be seen whether circumstances have so changed that a change of policies is required. We estimate at this stage to recommend that it should be conducted on the same basis as this survey has been. But we would emphasise the advantages that this survey has enjoyed through the close cooperation of representative of the several ministries under which energy problems are divided at present and of experts drawn from a number of fields in India and abroad and possessing a wide variety of relevant experience.

In the intervals between such reviews, we suggest that great advantage could be secured by provision of inter-departmental arrangements for regular consultation between the Secretaries of the various Ministers concerned with energy problems. We understand that such provision has already been made.

# ENERGY SURVEY OF INDIA COMMITTEE, 1963—REPORT

New Delhi, Planning Commission, 1965. 441p.

**Chairman :** Shri M.R. Sachdev.

**Joint-**

**Chairman :** Shri Walker Ciser ; Prof. Austin Robinson.

**Members** Mr. Louis de Heem ; Mr. Jacques Desrousseaux ; Shri K.R. Damle ; Shri K.P.S. Nair ; Shri P.R. Nayak ; Shri A.B. Guha ; Shri S.S. Kumar ; Shri S. Bose ; Shri M.N. Chakravarti ; Shri B.S. Nag ; Shri P.S. Lokanathan ; Dr. V.K.R.V. Rao ; Dr. M.S. Randhawa ; Shri Pitambar Pant ; Shri V. Nanjappa ; Shri C.S. Krishnamoorthi.

**Members-**

**Appointed To**

**Advise The**

**Committee :** Professor M.S. Thacker ; Shri C.M. Trivedi ; Dr. H.J. Bhabha ;

## APPOINTMENT

The Energy Survey of India Committee was appointed by the Government of India, Ministry of Irrigation and Power Vide their Memorandum of January 3, 1963.

## TERMS OF REFERENCE

The Energy study would cover present and prospective demands and supplies of energy, both total and in respect of all constituents of energy on a national, regional and sectorial basis. It would be expected to provide the Government of India basic material for development planning in the field of energy upto 1981. In making this study the committee will give consideration, among other things, to use of energy in rural areas.

The Committee will also study development of power resources—hydro-electric, thermal (including coal, lignite, oil and gas) and atomic energy, and make recommendations as to phasing in which these should be brought into use progressively. The Committee will also study the question of fuel for thermal power stations, availability of fuel, best location and sizes of plants. The fuels to be considered would be coal, oil, gas and atomic energy.

## CONTENTS

Foreword ; Preface ; Abbreviations and Equivalents ; Terms of Reference ; The Energy problems of India ; Recent trends of Energy Consumption ; Estimates of

Future Demands ; Forecasts based on sectoral projections, Transport ; Forecasts based on sectoral Projections, Industry ; Energy use in Agriculture ; The Domestic Sector ; Final Estimates of Demands ; The Regional Distribution of Demands ; Problems of Coal Supplies ; Problems of Oil Supplies ; Problems of Electricity Supplies ; Capital Investment in Energy ; Summary and Conclusions ; Annexures from 1 to 6.

## RECOMMENDATIONS

The total energy resources of India are adequate but not abundant for the present state of Indian economic development. Much of the coal is made difficult to use by its high ash content. The indigenous oil supplies are not sufficient to meet more than a relatively small fraction of India's prospective requirements and, unless new discoveries are wholly different in scale from those yet known, a large part of the demand for oil will have to be met by import.

Much of the coal, and all of the coking coal, is moreover situated in the Bihar/West Bengal Coal field in North-East India. While other coal exists and is likely to be increasingly developed as time goes on, there are large parts of Southern, Western and North Western India that are distant from any coal supplies.

The limitations imposed by the geographical distribution of the coal fields are in considerable degree mitigated by the fact that the hydro resources of India are largely in those parts of Southern, Western and North Western India which are distant from Coal resources.

In planning the economic development of India it will be important to have clearly in mind these geographical limitations of the fuel supplies. In all advanced countries energy supplies have been very powerful factors in determining the location and development of industries. The costs, efficiency and competitive position of the heavy metallurgical industries are particularly sensitive to the delivered prices of their materials and fuels, including transport costs. The iron and steel industries have tended to grow up either where coal has been available on the spot (as in the Ruhr and in most of the traditional locations in the United Kingdom), or where coal could be very cheaply transported, usually by ship or barge, to the source of the iron ore. In India the location of all coking coal in the Bihar/West Bengal area will impose limitations on the choice of sites where costs in the iron and steel industry are generally

competitive. If other more distant sites are to be adopted, it will be necessary to consider very carefully in advance the possible methods of economic transport of coal or coke to the site concerned. Our investigations suggest that for some of these sites imported coke or coking coal may possibly be more economic than Indian supplies.

But in a broader sense the most economic use of India's natural resources and an energy resources may require recognition of the advantages of locating in fairly close proximity to the coking coalfields those industries which are energy intensive and must depend on actual direct use of coking coal and on the other hand locating in those Parts of India which are more remote from such coal resources a larger share of the industries which are not energy intensive. The availability of cheap energy in the Bihar/West Bengal area in the form of by-product coals from the washeries may give opportunities to locate in that region energy-intensive industries producing cheaply for export markets.

The pattern of the Indian energy economy will be dictated by the relative advantages and relative costs of different fuels. The trend of almost all of the economically advanced countries is at present towards an oil-based energy economy. There are evident signs in India of a similar trend; but some caution is needed before assuming that this trend should be accepted and encouraged in Indian conditions. Oil is an indigenous and very plentiful fuel both in the U.S.A. and in the U.S.S.R. The trend towards oil is moving much more slowly in most of the European countries which are more similar to India in having little or no indigenous oil and in being necessarily concerned with the possible effects on the balance of payments of large imports of oil.

In the case of India our first estimates suggested a very high future dependence on oil, more particularly if one had assumed that some of the difficulties of supplies of domestic energy that we foresee would be solved by very substantial increase of the use of kerosene. But even on the basis of the revised estimates that we have presented in this Report, the share of energy imports (including both crude oil and products and all the capital equipment used in the energy sector) in the total of imports increase from about 19% in 1970-71, to 24% in 1975-76 and to 35% in 1980-81. These represent a very formidable charge on India's prospective imports and we feel serious doubts whether the Government of India would be in any position to provide for larger oil imports than we have assumed.

We have estimated the demands for energy both in total and in all forms. The amount of energy that will be required for India development will clearly depend on the rate of that development. At the time of our

Survey the Planning Commission had not completed its work on the next Plan Period nor had it officially formulated assumptions about more distant periods. We have therefore, thought it best to present alternative calculations, based on alternative assumed rates of growth. These are presented in detail. In view of the high cost of investment in energy it will be important to secure that, while keeping abreast and actually developing needs, it does not run far ahead of the realities and actual development in practice.

## Coal

While supplies of non-coking coal are (as was said above) abundant in quantity, supplies of coking coal are not abundant, though probably sufficient to meet needs until the end of this century. Economy of coking coal is most important. At present, only about 40% of the coking coal that is in the ground in the seams that are being worked is recovered and brought to the surface; only about 60% at most of what is recovered from the mine is delivered as 17% ash content washed coal from the washeries to the coke-ovens. Thus in total less than 25% of the potential coking coal is actually available to be used for the purposes for which it is essential. It is important that improvement of this performance should be sought in every way: through economy of coke in the blast furnaces: through acceptance of as large a fraction of the total as is practicable by the coke-ovens from the washeries, but above all through recovery from the mine of a substantially larger proportion of all coal that is available in the seams. We know that all these problems are being actively examined by the Department of Mines and Metals and that there is hope of a significant increase in the recovery rate and of lower ratios of coke to pig-iron. But the matter is so important that we hope even greater efforts will be made to achieve economies. We recommend that any necessary resources be made available to put into practice both the improved mining methods and even greater economy of use of coke that is proposed.

Whatever may be done to conserve coking coal, it is clear that with the progressive expansion of the iron and steel industry there will be increasing demands for washed coking coal and increasing supplies of coking coal by-products. We have examined with care the relative economies of using two-product and three-product washery processes. We are convinced that the two-product process will produce by-product coals which can find an economic market, principally for thermal electricity and that this process is to be preferred.

We have examined with care the economic problems of transporting these by-product coals and using them economically. We are satisfied that, if suitably priced, a market can be found for all the by-product coals that

are likely to be produced.

These coking coal by-products are likely, however, to find markets principally in uses which are normally met by non-coking coals. Having regard to the substantial amounts likely to be available, there may be no more than a small additional requirement for non-coking coals in the next Plan Period. By-product coking coals, if suitably priced and transported in closed-circuit train loads, can meet the requirements for coal for thermal electricity stations and other purposes at points as far as and beyond most of the outlying coalfields that it had been proposed to develop. We suggest that the wisdom of developing in the near future some of these outlying coalfields be re-examined.

In addition to the problems created by the by-product coking coals there are further problems created by the large amounts of slack coal that are produced as part of the process of mining the non-coking coals. More incentive is desirable to encourage mining methods which will reduce the proportion of slack to a minimum. But a considerable output of slack is inevitable. We recommend that this be priced at levels that will encourage its consumption in all uses for which it is suitable. We recommend also the urgent examination by the Central Fuel Research Institute of the possibilities of producing from this slack a domestic fuel that will relieve the present excessive pressure of the demand for firewood.

The long-term success and prosperity of the coal industry must depend on increasing the efficiency of coal-mining. The out-put per head is at present very low in many of the older private-sector mines. All that is possible should be done to increase their productivity.

The demands for coal estimated in this Survey are appreciably below other estimates that have been made. One important source of difference has been the use of existing inputs of energy to calculate requirements in later years. While this is a normal and proper procedure, some allowance needs to be made for the progressive economies of the use of fuel which have greatly affected the trends of demand in more advanced countries. Some of the error has been due of "ready reckoners" of demand for coal in thermal generation of electricity which seriously exaggerate the probable requirement.

## Oil

There is a strong trend towards greater dependence on oil as a source of energy. It will be desirable to explore all possible ways in which India's oil supplies can be increased. Much is already being done to explore the possibilities of further indigenous supplies. But unless discoveries are made on a scale wholly different from any hitherto, a very large proportion of Indian oil supplies will have to be imported (we estimate the

proportion in 1976-77 as about 75%). It is of great importance to explore all possible ways, by trade agreements and otherwise of increasing and making more certain India's power to purchase these necessary supplies.

At present relative costs of coal and oil, the use of oil is more economic in the highly industrialised regions of western and southern India. There is a likelihood that demands may increase in those and other regions, even beyond India's capacity to finance imports, and it may at some stage prove necessary to take measures which will make the use of indigenous fuels more attractive.

The principal increases of demand for energy in the form of oil seem likely to arise in transport (where both the growth of road transport and the proposed dieselisation policy of the railways will substantially increase demand) and in the domestic sector (if the shortage of firewood that we foresee leads to increased dependence on kerosene). The longer-term repercussions of a dieselisation policy in the balance of payments will need to be considered in advance.

The pattern of Indian consumption of oil products does not accord easily with the potential out-turn of Indian refineries from the most easily available crude oils. In the past India has been short of kerosene. In future India seems likely to be short of middle distillates generally as the result of the prospective growth of demands for diesel oils. On the other hand India is likely, on the present and prospective pattern of demand in the absence of policy changes, to have surplus supplies of gasoline and naphtha at one end and possibly of fuel oil at the other end, even when the out-turn of refineries have been adjusted so far as possible to meet the changing pattern of demand. It may not be easy to export the surplus gasoline at reasonable prices to neighbouring markets or to acquire considerable additional supplies of middle distillates. Thus more consideration needs to be given to the wisdom of present taxation policies, which tend to discourage consumption of gasoline and encourage consumption of diesel oils.

The net effect of a continuation of the present taxation is likely to be an increase rather than a decrease of the total required net cost of imports of oil and oil products, even when allowance is made for the lower consumption per kilometer of road transport using diesel oils. It is probably in the national interest to encourage gasoline consumption in all forms of transport that can reasonably use it to take advantage of the cheaper initial cost of internal-combustion engines designed to use gasoline.

There is also likely, in the absence of changes of policy, to be a surplus of naphtha. This can probably be absorbed without great difficulty by suitable Planning



of fertiliser and petro-chemicals production and possibly by use to economise coke in the iron and steel industry.

If there is not to be a surplus of fuel oil, it is desirable to encourage its consumption in those areas near to refineries and distant from coal fields where it is likely to be an economic source of energy in industry or the generation of thermal electricity.

### Electricity

Policy in the planning of electricity needs to be co-ordinated completely into a national and regional energy policy. The location of thermal power stations should be made with full consideration not only of the trends in the development and location of demand but also of the availability and location of the cheapest sources of primary energy. The large volumes of coking coal by-products in the regions of the iron and steel industry washeries will exercise a very important effect on the desirable locations, which are likely to be increasingly supply-oriented rather than demand-oriented.

Examination has been made of the relative costs of using newly developed coal mines nearest to the demand-centre or by-product coals carried by rail in a closed-circuit operation. This has shown that at distances up to and above 1000 kilometres it is likely to be more economical to use the by-product coals. Examination has also been made of the relative costs of carrying coal by rail to a demand-oriented power station and of carrying electricity by extra-high-voltage transmission lines from a supply-oriented power station near to the coal washery. This has shown that for large blocks of energy there is an economy in constructing such transmission lines and adopting the washery location.

Examination has been made of the relative economics of generating plant of different sizes. The economics are such that there is advantage in a progressive move towards larger size, but not necessarily towards greater complexity, so far as this is achievable with the present experience and resources of the heavy electricals industry.

The relative costs of generating electricity in thermals, hydro and nuclear stations have been analysed in detail and in terms of the prospective costs of constructing and providing fuels for each in Indian conditions. This analysis shows that, in certain locations at a distance from cheap coal supplies and where hydro is not available, nuclear energy is already competitive. For the next ten to fifteen years while experience is being gained with nuclear energy, there are adequate other sources of energy, available if required. Thus, the decision to build nuclear stations should be reached on purely economic grounds. During the 1970's, when the problems of using thorium have been satisfactorily

resolved, nuclear energy is likely to become increasingly competitive.

The same analysis makes it clear that the best ultimate strategy of electricity generation is to use hydel increasingly to meet peak loads and to carry the base loads on steam plant, using wherever available by-product coals, and in some regions, particularly in Northern India, where the development should probably be based wholly on hydel.

The full and effective use of large thermal and nuclear stations and their integration with hydel stations is impossible unless transmission lines are available to the necessary extent. Indian investment in transmission and distribution has been inadequate and a large investment is necessary in the next Plan Period if full use is to be made of nuclear and other generating Plant already planned and beginning construction. A beginning with the construction of extra high-voltage transmission lines is recommended before.

Careful consideration has been given to the organisation of electricity supply that is most appropriate to the changing technical conditions and to the need for greater integration than has existed in the past. We welcome the creation of Electricity Supply Regions. We hope that this very necessary integration of the planning and operation of the generation of electricity may be achieved without any formal reorganisation and by the voluntary co-operation of the State Boards within the various Regions and of the Regions themselves. It will, however, be necessary to watch carefully the progress of co-operation on this basis, and it may at some stage be necessary to consider whether a greater degree of central ownership and control of generating is a necessary condition of an effective generating policy. If that should sometime become necessary, it will remain desirable that State Boards should be responsible for all distribution. And in any new organisation that may be worked out, effective decentralisation of day-by-day operations will be absolutely essential. We make certain subsidiary proposals for the strengthening of the State Boards.

We have considered the problems of the pricing of electricity. We recommend that every effort should be made to reduce costs and to make prices as low as is compatible with an efficient and healthy industry. But we recommend that the State Boards should be encouraged to earn a reasonable economical return (which we estimate at 10%) on their invested capital and to provide from their retained earnings and depreciation funds a substantial part of the capital funds needed for expansion.

In the interest of improved efficiency we suggest that careful attention be given well in advance to the training of the technical staff that will be necessary. We

believe that overseas supplies of equipment would be prepared to collaborate in such training both in India and, where appropriate, in similar large stations abroad.

Rural electrification should be expanded as rapidly as possible to all places of suitable size in rural areas. It is not likely to be possible to carry out rural electrification on a strictly commercial basis. Having regard to the very large rural population of India and the importance of the electricity supply industry retaining adequate funds for the expansion of its general activities, it is not likely to be possible for rural electrification on a large scale to be subsidised to the extent that it is in most advanced countries by urban electrification. We recommend that rural electrification be regarded more nearly as a social service than as a strictly economic enterprises and possibly financed in part from general revenues.

There are grounds for very serious concern regarding the supplies of energy to the domestic sector, principally for cooking but partly also for lighting fans and air-conditioning and other purposes. The domestic demands have largely been met from traditional non-commercial sources, including firewood, cattle dung and waste products, but partly also in recent years from kerosene and electricity. The statistics are inevitably somewhat uncertain but recent inquiries have made it possible to present more accurate estimates. In 1960-61, non-commercial forms of energy probably provided about three-fifths of the total energy used in India and about nine-tenths of the energy used in the domestic sector.

This large supply of non-commercial energy has only been made possible by the cutting annually of about 100 million tonnes of firewood. This almost certainly exceeds the growth of available timber and involves the progressive deforestation of India. The growth of demand in the domestic sector that we forecast will, if nothing is done, rapidly denude increasing areas of India.

We fear that, if there are no immediate steps taken, shortage of firewood will cause grave hardship and lead to much larger demands for kerosene than Indian potential imports are likely to be able to provide. We recommend that immediate and active measures be taken jointly by the Government of India and the State Government to formulate and implement a policy for expanding the growth of quick-growing timber suitable for use as firewood, this will require the assignment to this use of considerable areas of land.

In addition we recommend that measures be taken to produce and popularise the use for domestic purposes of commercial fuels based on indigenous coal supplies.

### The Pricing of Energy

A satisfactory national policy for energy requires that all consumers of energy shall use those forms of energy which, having regard to the circumstances of India, can be most economically provided to meet their needs. It is of the essence of a satisfactory energy policy that consumers shall have the right incentives to use the right fuels. We have set out what we believe to be the essentials of an energy pricing policy. We recommend that the various bodies concerned in the making of prices for energy products take full account of the importance of establishing the right incentives for consumers to use the most economic fuels.

If the present pricing policies are not revised, we foresee serious surpluses of unsaleable coking coal by-products and non-coking coal slacks. The disposal of these would cost considerable sums and be a grave waste of valuable national resources. From a national planning point of view these surpluses are available at zero cost. They should be priced at levels which will ensure their use and clear the market. At present the incentives to use them are inadequate.

There are likely to be similar problems in the pricing of oil products, which in this case are affected by taxation policies. We recommend that taxation policies should take account of the possible deficits and surpluses of different types of oil products.

### Investment in Energy

We have estimated the probable investment required in energy at different dates down to 1980-81. The ratio of investment in energy to total investment is about that which might be expected on the basis of similar inquiries in European countries.

We have estimated also the proportion of the gross investment which is likely to take the form of imports on the basis of present trends. We think that it will be important that India shall as rapidly as possible reduce the dependence on imported equipment to a minimum, so as to reduce also the necessary foreign expenditures below those that we have estimated. Part of the large dependence on imports appears to result from the desire to progress in respect of installation of types of equipment rather more rapidly than Indian capacity is likely to be able to progress in respect of their manufacture. It will be necessary to hold a balance and to put heavy emphasis on the manufacture in India the types of equipment which at each stage can be produced with a low import content.

Plans for investment in energy need to be based on the best possible estimates of the future requirements for energy. In the case of electricity such estimates are provided both by the recently established Annual Electric Power Survey of India and by such studies as have been made on behalf of our Energy Survey. We

have found discrepancies in respect of 1970-71 between our own estimates based on the probable requirements of Kwh in different industries in India as a whole and the estimates of the Power Survey. We believe that both the methods of estimation of future requirements are valuable. But we take the view that better short-term estimates extending over two or three years ahead can be provided (as does the Electric Power Survey) by building up detailed local estimates of future connected loads. We take the view that estimates for more distant dates can better be made, and better escape errors of duplication, by making estimates of total output of different industries and the corresponding energy requirements. Each method provides for intermediate dates a valuable check on the other.

#### **The Making Of Energy Policy**

We are convinced that it will be desirable to keep constantly under review the trends of energy consumption and to re-formulate policies as circumstances change. We greatly welcome the establishment within the Planning Commission of a unit that will be concerned under

one Member of the Commission with energy problems. We recommend that this unit be charged with the responsibility for the collection and organisation of the statistics that are essential to any such work.

We would expect that it will be desirable to repeat at intervals of about five years some such survey as we have undertaken, in order that it may be seen whether circumstances have so changed that a change of policies is required. We hesitate at this stage to recommend that it should be conducted on the same basis as this survey has been. But we would emphasize the advantages that this survey has enjoyed through the close co-operation of representatives of the several Ministries under which energy problems are divided at present and of experts drawn from a number of fields in India and abroad and possessing a wide variety of relevant experience.

In the intervals between such reviews, we suggest that great advantage could be secured by provision of inter-departmental arrangements for regular consultation between the secretaries of the various Ministries concerned with energy problems. We understand that such provision has already been made.

## **WORKING GROUP FOR THE STUDY ON WASTELANDS INCLUDING SALINE, ALKALI AND WATERLOGGED LANDS AND THEIR RECLAMATION MEASURES, 1963—REPORT**

New Delhi, Planning Commission, 1963. VI, 237p., 15 Charts.

Convener : Dr. S.P. Raychaudhuri.

Members : Dr. B.N. Uppal ; Shri R.D. Dhir ; Dr. R.V. Tamhane ; Shri K.P. Sagreiya ; Shri U.S. Madan ;

#### **APPOINTMENT**

The Committee on Natural Resources at their meeting held on December 1961, approved a study on Water Logged, Saline and Alkali Lands and Wastelands of India. The Technical Committee on Land set up a Working group on January 3, 1962.

#### **TERMS OF REFERENCE**

(i) To collect all the existing information on the occurrence of Saline, Alkali and water logged Lands,

(ii) To examine all the reclamation measures for such lands ; and

(iii) To analyse the data available with a view to suggesting policy measures. The economics of reclama-

tion of such areas by the application of different methods was also to be studied.

#### **CONTENTS**

Foreword ; Introduction ; Wasteland in India ; Kans infested Waste-land ; Saline and Alkali Soils, extent, Location, Reclamation Measures Suggested for Prevention of extension of such areas ; Problems of Coastal Saline soils ; Review of the work done in the survey of ground water demarcation of areas and sweet and saline ground water ; Suitable trees, grasses and crops for Saline and Alkali Soils ; The extent of water logged lands, their classifications and rate of change ; Problems of surface drainage ; A review of work done in some States to tackle the problem of water-logging with suggestions for future work ; Suitable trees and grass species for water-logged areas fish crops suitable for water-logged area and culture in paddy fields ; Review of work on Soil Conservation

and reclamation done during First and Second Plan Periods and Schemes of Third Plan; Use of aerial photography in soil mapping and land use classification with particular reference to waste lands including saline and alkali and Waterlogged lands; The economics of reclamation of wastelands; Recommendations; Bibliography; References; Appendices I and II.

## RECOMMENDATIONS

### General

(1) (a) There are large gaps in our knowledge of land resources. To obtain quick result it is necessary that land surveys using photogrammetric techniques (aerial photographs) should be undertaken, and data on land use, land improvement, reclamation of water-logged, saline and alkali lands and their productivity should be collected in systematic manner with a view to drawing up future plans.

(b) It is recommended that the Ministry of Food and Agriculture may set up a small working group of 2 or 3 persons for drawing up a practical scheme for resettlement in bigger plots, indicating priorities and phasing the programme taking into consideration the limited available funds. The basis of financing may be Rs. 1000/par family including supply of water, provision of road, residence, etc. apart from the cost of reclamation of land which may be put at Rs. 150 per acre amounting to Rs. 1050 for reclaiming 7 acres of land, the total cost per family being about Rs. 2000. For smaller plots Rs. 500 per family may be taken as the initial expenditure.

(ii) It is recommended that a Land development sub-Committee may be set up under the Agricultural Production Committee in the States for looking after the land development work.

(iii) In view of rapidly expanding areas under irrigation, it is necessary to establish a suitable central organisation to conduct intensive investigation in the field of irrigation, drainage and anti-waterlogging.

(iv) Co-ordinated studies on land records in different states should be conducted so that they provided a sound basis for agricultural planning. Even today agricultural statistics are not available for about 86 million acres of land, and among those which are in the reporting category, statistics for over 90 million acres are rough estimates.

(v) There is primary need for establishing agency to implement the programme and land development for irrigation to carry out works such as provision of field channels, grading and levelling of land and extension of sound irrigation practices. This should be made the primary responsibility of state Land Development sub-Committee under the Agricultural Production

Committee.

2. Waster lands: (i) The Ministry of Food and Agriculture should take effective steps for early implementation of the recommendations of the wastelands Survey and reclamation Committee and also of the centrally sponsored schemes for the survey of wastelands in block of less than 250 acres, by establishing a cell in the Ministry.

(ii) In respect of reclamation of kankar-infested waste lands, enquiry may be made from the state to find out what help they want for such reclamation work and how far the work may be carried out without foreign exchange and subsidy.

(iii) Large tracts of waste land are found in the riverain belts along the beds of rivers. The reclamation of such areas should be assigned high priority. It is recommended that comprehensive schemes should be prepared for reclaiming these tracts which should include the construction of roads provision of electricity for pumping water for irrigation and grant of loans to cultivators for purchasing tractors for cultivation and pumping sets.

It was agreed that the programme of work may be co-ordinated with the scheme of reclamation in big plots which will be drawn up by the working group of the Ministry of Food and Agriculture proposed under Recommendation.

(iv) There should be balanced use of wastelands. Definite areas of waste land should be reserved for the production of fire-wood and fodder according to land capability classes.

(v) Agricultural wastelands in the country are mostly held by small owners who are not in a position to meet the cost of their reclamation. Such wastelands total to a considerable area. The reclamation of such wastelands may be subsidised by Government who should bear a larger proportion of the reclamation cost than at present.

(vi) Before allotting wastelands for cultivation, these lands should be reclaimed by the State Government and appropriate soil and water conservation measures carried out consistent with their land capabilities. The Government should take adequate steps to ensure that appropriate follow on practices are adopted by the allottees.

3. Saline and alkali lands: For fundamental work on saline and alkali soils, three regional salinity laboratories are to be set up under the Third Plan and it is recommended that these laboratories should be established without any delay. One of these laboratories should be established in the existing agricultural institutes.

For the successful reclamation of saline and alkali lands, cooperation between various professional groups including agricultural chemists, irrigation engineers and drainage specialists is essential and should be ensured.

Sufficient information is available on the methods of reclaiming saline, saline alkali and alkali lands. What is now needed is to demarcate these areas in each state based on their soil characteristics. For this purpose it is necessary to print large sized maps of the districts showing the location of saline and saline alkali lands of different categories. Detailed information regarding such lands in blocks of 5 acres or more, should also be obtained for the different tehsils in the district, and for this purpose survey may be conducted.

The reclamation of saline alkali soils on a national basis has already been recommended by the Crops and Soils Wing of the Board of Agriculture and Animal Husbandry in India during its meeting in similar held in 1954. This recommendation should be given high priority under the Fourth Five-Year Plan programme. The expenditure on this account can be met partly from the provision made for the reclamation of saline and alkali and anti-soil erosion by the Ministry of Food and Agriculture and partly from the amount earmarked by the Ministry of Irrigation and Power for flood control drainage and anti-water logging where salinity is accompanied by water-logging.

Detailed soil survey of the saline and alkali lands should be carried out before undertaking reclamation measures.

For the reclamation of saline-alkali soils, the cultivation of dhaincha (*Sesbania aculeata*) and the addition of fertilisers and manures and gypsum to the soil are very useful. Dhaincha seed should be supplied free of cost, and gypsum and fertilisers at concessional rates for reclamation.

The growing of salt-tolerant bushes and trees, such as kikar (*Acacia arabica*), and (prosopis, juliflora) and frash (*Tamarix articulata*) etc. is very helpful in the amelioration of Kallar-affected soils. It is recommended that these plants should be extensively grown on lands which are lying waste.

Intensive studies are needed on the improvement of black soils in Andhra Pradesh which have been rendered unfit for cultivation of virginia tobacco due to the development of salinity.

There is evidence that saline water containing small amounts of plant nutrients like nitrate and potash can be used for raising successful crops. This suggests that with the more intensive use of fertilisers and manures it may be possible to use saline water for irrigation in marginal lands.

Since irrigation is the cause as well as the cure of salinity and alkalinity in soils has been carried out in countries where the average yield per acre is much higher than that in India. Accordingly it is recommended that similar studies should be conducted in India for the purpose of establishing suitable limits for Indian con-

ditions.

It is generally recognised that agroclimatic conditions drainage and physical and chemical characteristics of the soil determine the suitability of a method of soil reclamation. Detailed investigations should be conducted to ascertain as to which of the methods in vogue are economically feasible.

(4) (i) Despite the extension of canal irrigation, ground water is an important source of irrigation supply.

It is recommended that a reconnaissance survey of ground water resource should be carried out, particularly in the Punjab, Delhi, Uttar Pradesh, Rajasthan, Madhya Pradesh, Gujarat and Maharashtra, wherever good quality of ground water is found in sufficient quantities as supplement to irrigation from canals. This will not only ensure better utilisation of natural resources, but will also help in mitigating the menace of water-logging.

(ii) It is desirable that the ground water Division of the Geological Survey of India, should work in close collaboration with the Agriculture and Irrigation Departments of the different states and plan its activities in consultation with these Departments.

(iii) The system of analysis of irrigation water and the interpretation of results as recommended by the technical Committee on quality of water set up by the Central Water and Power Commission, should be followed all over the country, so that the results are comparable.

The use of tube-well water for irrigation should be made economical by (i) charging the water on volumetric basis, and (ii) making irrigation water charges for both canal and tube-wells uniform. It is understood that the Maharashtra State is doing some work in this direction. A small group representing the Ministry of irrigation and power and the Ministry of Food and Agriculture may visit the Maharashtra State to see what has been done in that State and what could be done for other State in the light of the experience gained in Maharashtra State.

(iv) The ground water quality should be considered an integral part of soil survey and the suitability of water for irrigation should be determined with respect to the soil and crops.

(v) In some States the changes in the ground water table of the soil are being investigated by the Irrigation Departments. Similar studies should be made in other states.

#### Water-logging

The drainage of water-logged lands should be planned on the watershed basis.

Perennial canal irrigation should be avoided in areas where the water table is already high or tending to

rise and in such areas recourse may be had to a system of canal cloures.

Encouragement and subside should be given to cultivators for using water from tubewells or open wells within the ayacut of an irrigation system. This would help to control the rise of the subsoil water table in the area. A certain percentage of the irrigated tract depending on the type of soil, sub-soil water level etc. should be reserved exclusively for lift irrigation.

Use of shallow tubewells for depressing the subsoil water table as an anti-waterlogging measure should be given extensive field trials.

The scope of vertical drainage to recharge drier strata of the underground for reclamation of water-logged areas should be investigated.

In the state in which there are sizeable water-logged areas the Indian Council of agricultural research in collaboration with State Government concerned may take up research on crops suitable for such areas.

Feasibility of planting deep rooted trees having high water consumption in areas where the water table shows a raising tendency requires to be studied as it might be helpful in averting the rise of the water table.

Reclamation of swamps and water-logged areas by drainage should be possible in many tracts. But a careful survey should be made as some of these areas should be better developed for fish culture or for recreation and preservation of wild life.

**Drainage:** Drainage problems have received inadequate attention in the past. The subject requires serious consideration from the investigation and also from development point of view. Studies should be undertaken for assessing drainage requirements, optimum depth and spacing of drainage and economic of drainage system.

Intensive surveys should be initiated throughout the country jointly by experts in flood control, transport engineers, agriculturists and soil scientists, to locate areas which are subject to drainage congestion. These investigation should preferably be carried out in a self-contained "doab" and a Master Plan clearly demarcating the different regions should be prepared. These programmes should contain clear cut programme of construction priorities, and indicated the economic benefits of draining to different tracts. Such a scientifically designed plan will indicate the best use for which each tract is naturally suited-whether it can advantageously be utilised for agriculture pasture, forestry, colonisation, etc.

While surveys and investigations are in progress and before actual implementation of the Master Plan of the "doab" is taken up, information should be widely disseminated regarding the cultivation of crops by way of field experiments on an extensive scale. All the available knowledge in respect of canal lining, including the experience of the Nagal Power Channel, the Rajasthan Canal, etc. should be collected and made available for use in future works.

The efficacy of providing sub-surface drainage should be investigated and field trials conducted to assess the economic feasibility of the measure. Also experiments to standardise the material, size and shape of the sub-surface drain should be undertaken.

Field demarcation (Through the Community Development Organisation) should be laid down throughout the country to educate the public in general and the farmers in particular, on the importance of drainage and dangers of the extravagant use of irrigation water.

The possibility of making it obligatory for village panchayats to keep water courses in proper shape and also, if possible, to have them lined, needs to be carefully investigated.

There should be common land for providing natural drainage along roads, railway and canals, including chos. Where consolidation of holdings has not taken place, common lands must be set apart for natural waters; where consolidation of holdings has already been done, the land along the sides of the natural drains should be acquired and afforested.

Work on the execution of drainage projects which are technically sound and economically feasible should be taken up forth with.

The borrow pits along highways, railways and canals should be connected and properly shaped so as to facilitate the movement of storm water.

The Ministry of Food and Agriculture may set up a technical group representing the Ministry of food and Agriculture, Ministry of Irrigation and power and the Planning Commission which will scrutinise these recommendations and classify them into two categories viz. (i) which recommendations can be implemented in the Third Plan without any foreign exchange and extra allotment of funds, and (ii) which recommendations may be taken up during the Fourth Plan. After this scrutiny has been made the report with modifications made at this meeting along with suitable covering letter will be issued to the States by the secretary, Ministry of Food and Agriculture (Department of Agriculture).

# POWERLOOM ENQUIRY COMMITTEE, 1963—REPORT

Delhi, Manager of Publication 1964. 208p.

**Chairman :** Shri Asoka Mehta

**Members :** Shri A.R. Bhat ; Shri G.K. Devarajula  
Naidu ; Nawab Aizaz Rasool ; Dr. D K.  
Malhotra ; Shri M. Somappa.

**Member**

**Secretary :** Shri K.R. Aravamuthan

## APPOINTMENT

The Powerloom Enquiry Committee was Constituted under the Ministry of Commerce and Industry vide their Resolution No. 10 (2) TEX (C)/62 dated 8-1-1963.

## TERMS OF REFERENCE

(i) To examine the structure and growth of the powerloom industry with special reference to the types, holdings, ownership, appliances, supply of raw material, sorts of fabrics produced, processing of fabrics marketing, financing and other factors relating thereto ;

(ii) To examine the remunerativeness of the powerloom industry taking into account the costs of production and efficiency of working and the conditions of workers,

(iii) To consider the relative role to be played by the powerloom industry *vis-a-vis* that of the handloom and mill industry and to recommend targets of production,

(iv) To account for the phenomenal growth of unauthorised powerlooms in the post and devise means to prevent future unauthorised expansion ;

(v) To examine the desirability and scope for the conversion of handloom cooperatives into powerloom cooperatives, and

(vi) To make suggestions for the establishment of the powerloom industry on a stable footing within the field of operation which should be allotted to it.

## CONTENTS

Introduction ; General Review of the Textile Industry ; Government Policy on Powerlooms ; Raw Material for Cotton Powerlooms ; Processing, Finance and Marketing ; Conversion Scheme of Handlooms to Powerlooms ; Economics of Working of Cotton Powerlooms ; Excise Duty on Cotton Textile Industry ; Art Silk and Silk Powerlooms ; Woolen Industry ; Supply of Looms and Accessories ; Targets of Production ; Powerlooms in a Socio-economic Perspective ;

Future Role of Powerlooms (Note of Dissent and Explanation by Shri A.R. Bhat) ; Summary of Conclusions and Recommendations ; Annexure I to VII.

## RECOMMENDATIONS

The pattern of yarn consumption may be revised in round figures to 68% by handlooms, 22% by powerlooms and 10% by hosiery, rope making, etc,

We consider that both these sectors (handlooms and powerlooms) should draw their yarn supplies from a common pool. A compartmentalisation would unduly restrict flexibility in supplies and manufacture. In the future set-up, as envisaged by us, the replacement of handlooms by powerlooms will assume considerable importance and it would not be proper, therefore, to earmark spinning mills exclusively for either the handlooms or the powerlooms.

## Conclusion and Recommendations

The handloom industry is the oldest industry in the country. From the point of view of its sizes and the number of persons depending on it, the industry ranks only next to agriculture.

The organisation of the weavers on co-operative basis formed the fulcrum in the implementation of the different developmental schemes for the handloom industry.

The organisation of weavers in the co-operative fold construction of housing colonies to facilitate working of handlooms in the weaver's own cottages and other various measures of assistance were devised so as to reserve this household and cottage character and develop the industry to give the weavers better earnings.

The various measures implemented by the government of India for developing the handloom industry had no doubt the effect of stabilising the industry and instilling in the minds of weavers a sense of confidence.

The bringing in of a large number of weavers in the cooperative fold with its attendant element of loyalty to the institution was the main factor which contributed to the organisational stability to such an extent that quite apart from other aspects, the tendency has been for the handloom weavers to expect establishment of co-operative spinning mills exclusively for their benefit for the supply of yarn of the desired counts.

The total capital employed in the handloom sector

on cotton yarn may be assessed at Rs. 100 crores.

The inducements for the establishment and development of powerlooms till 1955 were of the normal kind which operated in many small industries. There is no doubt that the powerloom had, by then come to occupy a place though not very significant one in the textile industry consisting of the textile mill sector on the one hand and the large multitude of handlooms on the other.

It will be correct to state that the order of growth has been chronologically the handlooms, textile mills and powerlooms, the increase in and the geographical spread of supply of electric power together with the availability of looms discarded from the mills provided a strong base for the growth of powerloom in certain centres. The facility to improve one's earnings by switching over from handlooms to power-operated looms involving only a relatively small capital investment naturally induced a number of better placed handloom weavers to set up powerlooms.

The part played by the private entrepreneurs the mill workers thrown out of job having the necessary technical know-how the availability of second hand powerlooms on account of mill closures and replacement of looms by mills the availability of electric power covering wider areas, a sense of ownership of a better. Cheaper quicker and easier method of weaving by employing power the local initiative and encouragement for setting up of powerlooms instilling a sense of gradual but increasing participation in the industrial development in the areas and above all the urge of the handloom weavers to employ power to better their standard of living and for lessening the strain of work-together with the scope provided by the increasing demand for cloth in the country on the pegging of loomage in the mills, all these contributed to the steady growth of powerlooms in the different parts of the country till it reached a total strength of about 27,000 by 1956.

The policy of the Government to peg the weaving capacity of the textile mills and the deliberate policy of not allowing expansion in the powerloom side also except to the extent provided for in the second five year Plan for replacement of handlooms by powerlooms in the co-operative fold automatically put a seal on both expansion and addition to the large powerloom factories. This did not however quell the increasing urge on the part of the weavers in the country to switch over to power-operation to earn more.

The growth of powerlooms in the recent years has been very rapid and phenomenal Induced by certain extraneous factors of which excise levy formed the most attractive even outsiders stepped into the field solely to get the benefits of excise exemption.

A large number of powerloom were thus set up in an unauthorised manner. A number of intermediaries and

even textile mills induced the handloom weavers as also others not in the weaving profession to set up powerlooms in large numbers. They provided all the required financial and other measures of assistance as a purely business proposition. Records to scrapped looms from mills by itself could not meet this upsurge in demand and this in turn, encouraged local technical talent and skill to set up small workshops for fabrication on assembling of looms adopting ingenious methods and improvisations. Almost the entire growth of powerlooms in the recent years being in contravention of law, the ancillary activity of fabrication, repairs, assembling of looms etc. in small workshops with local talent and skill also necessarily assumed the form of unauthorised growth. There is no doubt however that the owners of the looms who acquired and installed them by straight or surreptitious means were prompted to do so in the hope of using them for a living. The social, economic employment and other factors are very relevant in the consideration of the problem of unauthorised growth of powerlooms.

Broadly, the structure of the powerloom sector as it exists now should be considered as consisting predominantly of small units of four looms and less with a bare 5 per cent accounted for by large units coming under the Industries (development and Regulation) Act, 1951 and another 5 per cent in the mid segment of five looms and above not coming under this act.

In regard to the small units of four looms and below master weavers, intermediaries and in some cases, even textile mills are reported to have set up powerlooms on benami basis. The extent of such fictitious ownership is difficult to measure but from what the Committee could gather from knowledgeable sources, it may be put at not more than 25 per cent.

The picture that emerges from a study of the various phases of the textile industry is one of virtual stagnation of the mill weaving capacity and activities accompanied by a marked expansion and intensification in the activities of the decentralised sector of the textile industry comprising powerlooms and hand looms. In this intensification of activities of the decentralised sector, the spinning section of the textile mill industry has no doubt played significant part.

It was represented to us that while government had been solicitous in regarding regularising the unauthorised powerlooms persons who had previously applied to the textile commissioner for setting up powerlooms and as law abiding citizen did not instal powerlooms without permission were not given the opportunity to instal looms in preference to those who had installed the looms in contravention of law.

The executive instructions for scrapping of looms and rendering them unsuitable did not have the desired



effect either because the dismantlement of scrapping was not in all cases done with a scrupulous adherence, to the instructions or because of the fact that the indigenous technical skill and practical workmanship of the artisan were so excellent that it was not beyond their capacity to make good the deficiencies in the looms dismantled.

Whenever powerlooms have come up almost the entire community in those areas, turned the powerlooms for livelihood and therefore, there have been no large scale complaints.

We are convinced that as a practical proposition it would be difficult if not impossible to depend purely on power connections either to assess the number of powerlooms or restrict their growth.

The all India policy relating to control or regulation of powerlooms did not have that much effective and practical follow-up and support which it should have had from the State Governments concerned.

Of the present supply of yarn to the internal market of about 316 million kgs. per year almost forty-five per cent is supplied by composite mills and fifty-five per cent by spinning mills in the country.

The assumption that 90 per cent of the total yarn availability as representing the consumption by the handloom and powerlooms taken together would in our opinion still hold good.

On the existing conditions, the pattern of yarn consumption may be revised in round figures to 68 % by handlooms, 22% by powerlooms and 10% by hosiery rope making etc. The average count of yarn spun by spinning mills was 27.5 in 1959 and this is reported to have gone up to 29.4 in 1962 while in the case of composite mills, the corresponding increase during the same period is reported to be from 24.3 to 25.1.

We consider that both these sectors (handlooms and powerlooms), should draw their yarn supplies from a common pool. A compartmentalisation would unduly restrict flexibility in supplies and manufacture. In the future set-up as envisaged by us. The replacement of handlooms by powerlooms will assume considerable importance and it would not be proper, therefore, to earmark spinning mills exclusively for either the handlooms or the powerlooms.

We recommend that irrespective of any other regulations there should be a strict control exercised on the quality of yarn made available by the textile mill industry for handlooms and powerlooms and suitable quality standards fixed forward and weft yarn with appropriate price for each.

It is apparent that under the existing level of availability of yarn the unauthorised powerlooms which have come up in the recent years, cannot work to their full capacity.

As Indian cotton would still be largely of short and

medium staples only there is no doubt that almost together additional production of cloth which could be envisaged for the next two or three plan periods, should be of coarse and medium categories only. Therefore, a need both from the short and long term point of view to impress in the textile mill industry as also the powerlooms and handlooms to adjust their pattern of production with greater emphasis on the manufacture of medium varieties of cloth.

It is desirable that powerloom owners should be enabled to market their cloth direct so as to derive the full benefit arising from the sale of processed cloth. Processing factories should therefore, be established in the different centres in the country. These processing establishments may preferably be on co-operative lines but we do not rule out such facilities being provided by private entrepreneurs.

It is clear that the existing set up of processing establishment in the country is not aligned with the geographical distribution of powerlooms. It was also explained that there was an overall shortage in the facilities available for appropriate processing of powerloom cloth.

We recommend that the processing capacity in the textile mills should in future be allowed to be expanded purely on the basis of the textile mill sector's own requirements. In addition in a period of three years on a phased programme the present permission to mills to process outside cloth may be discontinued.

We consider that the spread of electricity to wider areas would inevitably lead to the substitution of manual processes by mechanised processes and this evolution has got to be recognised. We have therefore provided for mechanised pre-weaving facilities being organised and integrated with the set up of the powerlooms in different centres.

We recommend that the common service facilities should be capable of being utilised by handlooms and powerlooms both within and outside the co-operative fold. Wherever possible, such facilities should also be utilised by the art silk weaving sector.

The total investment required for one powerloom with the proportionate investment on the preparatory processes etc. and for working capital would be about Rs. 8,700 powerlooms spread over the next 10 to 12 years at current prices would involve an investment of Rs. 21 crores for looms only and a similar amount would be needed for ancillary preparatory and processing facilities. The aggregate estimate for rehabilitation of the cotton powerloom industry spread over the next 10 to 12 years may therefore be placed at about Rs. 40 to 42 crores.

Our enquiries have revealed that almost the entire capital for the purchase of looms has been found by the

loom owners themselves and in many cases by selling jewellery or mortgaging property, etc. In a number of cases the more prosperous handloom weavers have been able to find finance from their own resources. In the case of benami ownership, intermediaries and even textile mills are reported to have financed the setting up of looms. For obtaining finance for working capital generally the powerloom weavers are found to be virtually in the grip of cloth merchants and moneylenders.

We would lay considerable emphasis on the importance of adequate working finance for the proper functioning of the powerloom industry in the country. In the light of the important role which the decentralised sector will have to assume in supplying the clothing needs of the country in future all efforts should be made to ensure that the powerlooms obtain necessary finance at fair rates of interest. The State Finance Corporations, Government loans under the State Aid to Industries Act and Commercial Banks particularly the State Bank of India may have to step in a big way to fill the gap. The resources of these financing institutions may have to be adequately augmented in order to make them take up these responsibilities.

The growth of the powerlooms in the recent past having been haphazard and almost wholly in contravention of law, there has not been any regulated development in so far as marketing activity is concerned.

The vicissitudes in the textile mill cloth market have their immediate reactions on the powerloom cloth as the textile mill cloth rules market. The trade representative explained to us that other factors remaining the same, there is a vis-a-vis the mill cloth of the same variety and answering the same quantity and description. It was stated that as compared with the mill cloth of identical quality and description powerloom cloth would fetch a price 10 to 12 per cent less in the market.

We recommend the formation of co-operative marketing institutions for the powerlooms in the different centres.

The scheme sanctioned during the Second plan period for the installation of powerlooms in the handloom co-operative fold did not meet with full success not because the weavers did not take to the scheme with enthusiasm but mainly because of insufficient financial assistance provided for working capital imposition of condition for allowing the powerlooms in the handloom co-operatives in rural areas with population less than 30,000 absence of simultaneous arrangement for providing pre-weaving facilities and post-weaving finishing arrangements and absence of arrangement to ensure that in the allocation of looms in the co-operatives the benefits arising the reform did really get distributed

among all the members of the co-operatives. It is clear that the efficient working of the powerlooms does not depend merely on the powerlooms as such but on the ready availability of facilities for preparatory and finishing process etc. which cannot be made available in all cases in rural areas. The gravitation of the looms to places near about the cities obviously followed the natural course in the prevailing circumstances.

As the apprehensions of weavers and State Governments were being overcome and the initial process of implementation of the scheme was gathering momentum in some of the States, the scheme was discontinued. Thus even in those States where the potentiality for the conversion of handlooms into powerlooms was strong the conversion scheme was abruptly terminated and as a result a very useful measure of helping the lot of the handloom weavers was denied to them. We recommend the revival of the scheme to benefit the handloom weavers in those societies which are located in the vicinity of main cities and towns where the required facilities are available.

Powerlooms as such play at present only a complementary role to the textile mills in the matter of supply of cloth, although powerloom products have to compete with the mill products in the cloth market.

The handicap suffered by powerlooms in the matter of yarn prices as compared with the mills is between 21 and 28 per cent. This was the extent of handicap at the time of the costing of the units in the middle of 1963.

The committee has been informed that in some centres weavers attempt to increase the yardage production by reducing picks despite deterioration in quality as larger yardage per loom shift in the case of looms subject to the compounded system of excise levy means less incidence of excise levy per yard. This has been admitted as an unhealthy practice.

Taking an over picture in the country as a whole the average shift working of the powerlooms could be assumed at 1.5 per day of 8 hours per shift.

Powerloom establishments in their working fall under four broad classifications :—

- (1) Owner operated units mostly single looms.
- (2) Units operated both by owners and hired labour.
- (3) Operated exclusively by hired labour.
- (4) Units rented out on monthly payment basis.

The first two categories are generally owned by traditional weavers who have switched over from handloom to powerlooms as also weavers coming out from textile mills who had started their own weaving establishments. Hired labour is employed in these establishments wherever family members are not available to work additional shifts. The working of the first two

categories is largely household and domestic in character employing up to four looms where the return on capital is not distinguishable from the return on effort put in. The third and fourth categories have sprung up as purely commercial enterprises and function as such although in a number of cases they are shown as small units with independent existence and ownership. The excise disparities have contributed to their growth inducing both middlemen and financiers to enter the field purely in expectation of higher return on investment available in their working. This category also includes the big sized weaving factories mostly owned as partnership or private or public limited companies formed as a medium or large scale industrial enterprise a number of years ago when the powerlooms were not within the excise fold.

The earning of a powerloom weaver owner or a paid weaver is Rs. 100 per month in several of the principal centres accounting for about two-thirds of the total number of powerlooms. In other centres accounting for one-third of the total number of powerlooms it varies from Rs. 50 to 90 per month. The weighted average earning for the total number of powerlooms for which data have been collected comes to Rs. 86.50 per month. The gross return to the owner may be around Rs. 75 per month.

In certain centres representations were made to us that even the powerloom sector would like to instal automatic looms. We do not, however, visualise that in the present context with the powerloom establishments working with old type and discarded looms the transformation to the adoption of automatic looms could take place in any foreseeable period.

Overall the "wage" element in the cost of production in the powerloom may be assumed at round about 50 per cent of the cost in the mills even allowing for the lower productivity on the powerlooms. The element of power and fuel in the total cost of production in the powerlooms is more or less the same as in the mills. The repair cost in powerlooms is much less than in the textile mills. There is not much of a difference between the mills and the powerlooms in regard to depreciation. The expenditure on sundry expenses and overheads in powerloom establishments is almost 400 to 500 per cent of that in mills. It has been explained to us that the interest charges incurred by the powerloom establishments are heavy which is one of the factors for the high incidence of overheads in the powerloom sector.

Unlike the textile mill industry powerlooms being largely decentralised quite a number of factors come into play pushing or reducing the cost from unit. This makes it difficult to determine a centralised pattern which could be applied uniformly to the powerloom establishments according to the different size groups.

The cost study, however, has shown certain indicators which will hold good only for an overall assessment and will not be suitable for individual application. Taking together the elements of cost excluding "wages" in the manufacturing charges according to the above cost data the net handicap suffered by the powerlooms vis-a-vis the mills are about 25 per cent in the manufacturing charges excluding "wages" and an advantage of 50 per cent in "wages". The net handicap suffered by the powerlooms at the production end will be 8 per cent vis-a-vis the mills.

It has been brought to our notice that several mills having modernised processing equipment take over powerloom cloth and after processing and stamping their own brand names are able to market the same fabrics at prices at which their own products are sold. This points to the need for the powerloom establishments to organise the modernised processing facilities and also modernised methods of publicity and sales so that the advantages which are now being derived by the mills could also be obtained by the powerlooms.

From what we could gather, the marketing disability for powerloom cloth including the consumer's bias may be assumed at about 10 to 12 per cent vis-a-vis the mills.

As a rough guide we may take the overall handicap suffered by the powerlooms at about 18 per cent vis-a-vis the mills.

We are inclined to agree with the technical opinion placed before us that the economic size in the medium range of powerloom establishments should be between 24 and 36 looms.

On balance of consideration, it would be in the interest of the bigger powerlooms units to get themselves either fragmented or converted into regular composite textile mills.

The remunerativeness of the working of small powerloom establishments depends on factors like location and varieties of cloth produced.

The big sized units are finding it difficult to continue working in view of the high rates of excise levy.

The committee does not consider it proper that the excise authorities after deliberately allowing the excise concession, should have taken indirect steps to penalise fragmentation by prescribing certain higher rates of excise duty in such cases.

We consider that *prima facie* the measure of protection given to the small powerloom units by way of exemption from excise levy should be such as to enable them to market their goods at competitive rates and obtain a reasonable margin as means of livelihood. The entire objective would get defeated if outsiders entered the field and appropriated the benefits of such concessions.

It appears that to certain extent instead of powerlooms establishing themselves on their own and then

going in for financial and other assistance, textile mills, intermediaries and other financiers had, for their own advantage set up small powerloom units in an unauthorised manner merely with a view to take advantage of the fiscal concessions involved. The growth of the powerloom sector in this manner cannot be considered as in any way normal or healthy. While we appreciate the normal role which the trade should play in the marketing of the powerloom cloth in the country we do not consider that a fortuitous benefit should accrue to a class of intermediaries by whatever name they are called, particularly where it is a question of Government sacrificing revenues, nor would it be in the long term interests of the powerloom owners to reduce themselves to the position of wage earners. From the evidence available to the committee it is clear that the small powerloom owner weavers are very much in the grip of these financiers and intermediaries and are being exploited and put to hardship.

The present definition of "independent processor" adversely affects those powerloom units which have their own processing equipment as excise duty is charged at full rates as for composite mills for fabrics processed by them. This has led to the closure of some powerloom working in these units. We recommend that this should be remedied and these factories treated as independent processors. On the same analogy we also recommend that independent sizing factories which have been given the concession of paying 80 per cent of the surcharge on sizing of yarn as applicable to mills may be allowed the concession even if they work powerlooms and/or have other yarn processing operations.

We have come to the conclusion that the system of charging excise duty at different rates or different sizes of powerloom units and concessions allowed for small units had been a major factor in causing an unhealthy and undesirable distortion in the structure of the powerloom sector in the country.

We recommended that :

(1) The existing exemption for powerloom establishments of 4 looms and below as also the levy on the larger powerloom establishments whether at compounded rates or otherwise may be discontinued and the incidence shifted as a high duty at the two key points—yarn and processing where excise surveillance will be more effective.

(2) Yarn in hank form upto and including 40s count should bear no duty. This exemption is intended to assist the handlooms weavers. Handlooms are already enjoying this concession Yarn of and above 40s supplied in hank form should continue to enjoy concessional rates as at present. Cone yarn and yarn in all forms other than hanks of all counts should be subjected to excise levy.

A higher rate of duty on yarn delivered on sized

beams, whether sized by the composite mills or independent sizing factories may be levied. This may be in the form of a surcharge over the duty on cone yarn. It should be easy and necessary to bring mechanised sizing factories under excise control.

The existing system of charging processing duty on powerloom and handloom cloth may be continued. The rates may be increased suitably taking into account—

(a) The complete abolition of excise duty either on compounded rates or on other basis for the powerloom establishments, and.

(b) The need for rationalising the excise rates so that different types of processing might bear different rates of duty, the rates themselves being higher for more sophisticated processing.

With the above changes the excise pattern on grey mill made cloth may be revised to provide for the following :

(1) An increase in the excise levy on yarn to equate with the increased levy on yarn, which goes to the decentralised sector.

(2) A suitable reduction in the basic duty on grey cloth the additional excise duty in lieu of sales tax being continued.

(3) Increase in the excise duty on different types of processing to provide for progressively increased rates for more refined processes after taking into account the reduction in the basic duty for grey cloth.

The excise duty on processing by the independent processors may also be correspondingly increased for the different types of processing with due provision for exempting in initial quantity and for charging reduced rates of excise for powerlooms and handlooms.

It is necessary that in relation to the future development of the industry the role of excise levy should be clearly thought out. In the lesson of the past there is a sufficiently good basis for deciding the approach in regard to excise levy for the future. One of the lessons is that the rate and pattern of growth of the industry should not be left to be determined by the vagaries of excise levy but that on the other hand, the excise policy itself should be so shaped as to subserve the objectives laid down in regard to the growth of the industry. There are two decisions implied in this, Firstly in so far as levy as instrument for raising revenue for government it should be employed like any other taxation measure with due reference to paying capacity and the differentials as between different sections of the industry should be so framed that the relative positions and internal structures of the sections are not disturbed. Secondly, in so far as the excise levy has to be employed as a means for realising certain developmental objectives it should be so adjusted that it helps in achieving them. The Committee cannot at this stage go beyond stating

the approach in these broad terms but it would recommend that this matter should be gone into by Government in relation to the recommendations we have made elsewhere in this Report in regard to the production targets and pattern of growth of the powerloom industry.

We do not consider that in the near future, raw material supply for art-silk looms could be made fully sufficient as scarcity conditions have themselves generated the growth of the powerlooms.

The existing policy of feeding the art-silk industry by the import of yarn under the Export Promotion Scheme has given a spur to the growth of the powerlooms. Our estimate of the current total of art-silk cloth production on the powerlooms is 630 to 650 million yards and the handloom production about 70 million yards.

We would place the estimate for rehabilitation and modernisation of the art-silk industry in its present size at about Rs. 40 crores. The pace of rehabilitation could be spread over to two plan periods covering ten years.

The export incentive scheme has served to give increasing stimulus to the production of art-silk fabrics and to their exports.

The ribbon manufacturing powerloom industry in the country is a compact organised and generally prosperous industry and the Committee considers that there is good scope for expansion subject to adequate supply of raw material.

The Committee considers that it would be a good step to segregate the ribbon, tapes, braiding, labels and other similar powerlooms and allow free expansion of the industry as this sector is entirely distinct from cloth powerlooms.

The Committee does not consider that any conversion of these ribbon looms to cloth looms should be allowed.

The committee suggests that purely with a view to watching the development of the tape, ribbon, lace newar and similar powerlooms and assisting the industry whenever necessary it would be advisable to have free registration of these looms and ensure at the same time that they are nursed properly and given all the required help. The industry should be allowed to develop and seek its own level, government authorities only coming in for registration without compulsion or restriction.

In the art-silk weaving sector the analysis made by our study teams discloses that on an average a weaver gets Rs. 110 to Rs. 120 per mensem for working on powerlooms while the earning of an owner is about Rs. 50 per loom for two loom establishments increasing to 70 per loom for four looms and even Rs. 125 per loom in larger units.

The committee agrees with the suggestion that co-operative marketing facilities might be set up for marketing the production of art-silk weavers.

We do not consider that there is any advantage in

developing the art-silk industry on a vertical basis by allowing the rayon spinners to set up their own looms.

A unit of four powerlooms may be considered as a fairly average sized unit to be worked by a weaver's family.

The picture of the art-silk weaving industry in future would be a cluster of art-silk powerlooms with technical and other services, finance marketing preparatory and postweaving processes, preferably established on co-operative lines.

The working capital requirement for art-silk powerlooms may be placed at Rs. 4,000 to Rs. 5,000 per loom. We recommend that facilities for providing finance should be extended by the State Finance Corporations. Loans should also be made available under the State Aid to Industries Act. Alternative sources of financing should be commercial banks.

The investment in the art-silk powerlooms sector is about Rs. 8 crores on looms. Including preparatory and processing facilities the total capital investment may be estimated at about Rs. 16 to 17 crores.

We consider that it should be possible to bring as many varieties as possible of art-silk cloth under the scheme of standardisation so that both in the matter of export and in internal consumptions these standards could serve to create confidence in the consumers about quality and durability. This would also emphasise the need for a machinery to ascertain the changes in the fashions and tastes of consumers so as to tune production to the changing tastes.

We do not agree with the view that the cotton textile mills should be debarred from using staple fibre and other man-made fibre yarn.

The woollen powerloom industry cannot be considered as an owner-operated industry. Almost the entire weaving labour is hired and the owner of the establishment attends generally to the managerial and sales activities. This is a peculiar feature of this sector which distinguishes it from the cotton and art-silk powerloom sectors.

It was suggested that in the future expansion of the worsted spinning industry due consideration should be given to the needs of the small woollen powerloom establishments by allowing them to set up their own spinning mills, preferably on co-operative lines. We agree with the suggestion.

The practice of composite or spinning woollen mills taking over the capacity in the small powerloom sector should both be permitted.

It would be to the advantage of the woollen powerloom industry if efforts were made to set up co-operative processing factories.

The studies of our team have shown that the profit per loom per shift per month varied from Rs. 107 to

Rs. 357 depending on the types of fabrics produced and the continuity of working. The monthly earning of a weaver was assessed at Rs. 100 to Rs. 150.

Our estimate of the total requirement of looms every year till the end of the Fourth Plan would work out to an average of about 32,000. A phased programme for increasing the indigenous production of looms has to be drawn up linking it with the phased programme indicated for the installation of powerlooms in the handloom sector.

We do not see the need for placing restrictions on new entrants to the field of manufacture of powerlooms.

We consider that in order to provide technical guidance to the small scale factories in the matter of designing and fabrication of looms, suitable technical service guidance or assistance unit will be necessary. In this respect the Textile Research Association as also the Small Scale Service Institute in the different parts of the country could play a very useful part. We have proposed that the entire responsibility for the development of the decentralised sector of handloom and powerlooms should be vested in the All India Handloom Board as reconstituted into a statutory, in the matter of ensuring that the necessary facilities are brought into existence in the different parts of the country for the supply of looms and loom parts to the decentralised sector.

Research in the matter of improving weaving techniques should be such as to fit in with the small scale nature of operation of the powerlooms and should not be focussed only on the application of modern automatic techniques which are conducive to centralised and mass production.

The estimate of powerloom cloth production currently lies between 1,000 and 1,100 million yards. This would mean that the balance of 2,050 to 2,150 million yards is accounted for as the production by handloom sector.

Overall we may not visualise the planned target production of yarn being halted by shortage of spinning capacity in the country, as with the abundant licensing of additional spindleage even a part materialisation would go to fulfil the requirement.

Cloth production at the end of the current Plan may turn out to be only about 8,500 to 8,600 million yards, which would mean that during the remaining period of the plan the production should be stepped up by about 500 to 600 million yards. The mill cloth production might go up to 5,000 to 5,100 million yards from the current level of 4,850 million yards. There will still be gap of 250 to 350 million yards which should be made up by stepping up the production of the decentralised sector.

While we do not discount the possibility of stepping up production to some extent by the handloom industry as it exists today, any large scale agumentation of production could be achieved only by a regulated transition of handlooms to powerlooms.

We recommend as an immediate measures that a policy announcement should be made that while every assistance would be given to set up additional looms that have agreed to both in the composite mills and in the spinning mills no further expansion in loomage in the mill sector is contemplated till the end of the Fourth Plan period.

We consider that the handlooms sector should be enabled to step up its production by the process of installation of powerlooms and accordingly recommend the installation of 10,000 powerlooms in the handloom sector being started immediately and the looms brought into production as far as possible during the remaining period of the current Plan on a priority basis.

We consider that the cotton production in the country may reach a level of a little over 70 lakh bales only by the end of the Fourth Plan under normal conditions. The total cloth production at the end of the Fourth Plan period would be 10,100 million yards worked out on the basis of availability of cotton. This figure might go up if larger imports are allowed. We recommend that the entire additional cloth production in the Fourth Plan period should be earmarked for production by the decentralised sector to give full benefit to the handloom weavers by a phased programme of replacement of handlooms by powerlooms.

For obtaining the extra production the number of additional cotton powerlooms required will be about, 60,000.

We visualise that the per capita availability of man-made fibre fabrics has to be raised to 4 yards from the Third Plan target of 1.8 yards. In terms of yardage the increased production of man-made fibre fabrics in the Fourth Plan would be of the order of 1,500 million yards. Allowing for a 20 per cent production by the handlooms for some of the fabrics being knitted we consider that the loomage on the art-silk side will have to be expanded by at least about 40,000 powerlooms during the Fourth Plan period.

The total number of additional powerlooms both on art-silk and cotton which may be introduced in the handloom sector during the Fourth Plan period may be estimated at one lakh. We recommend that there should be a phased programme for getting these one lakhs powerlooms installed half in the handloom co-operative and the other half in the sector outside the co-operative fold. The phased programme should also keep pace with the increase in the supply of cotton yarn and man-made fibre yarn.

We recommend that the State-wise allocation of additional powerlooms to be introduced in the handloom in the co-operative sector and outside may be on the basis of the number of handlooms registered in the different States. The spinning capacity to feeding these cotton powerlooms should, as far as possible be located round the clusters of powerlooms in the different parts of the country.

The total outlay per cotton powerloom including working capital, preparatory machinery and processing facilities is assessed at Rs. 10,000 and for art-silk powerloom Rs. 11,000 to Rs. 12,000. The total outlay therefore, for the powerloom to be installed as recommended by us would be of the order of Rs. 104 to 108 crores, half of which will require financing by Government.

The entry of the decentralised sector in a big way in the supply of cloth during the Fourth plan should serve to exert a healthy influence to the advantage of the consumers. This is in addition to the many gains social and economic like diffusion of entrepreneurship and mobilisation of capital in the dispersed areas flowing from decentralisation of industrial activity.

We recommended that the production of dhoties and sarees by the textile mills may be pegged at 1963 level.

We also recommended that the production of coloured sarees should be reserved exclusively for handlooms. Small powerloom establishments with four looms and below at present are free to manufacture these sarees. It will be necessary to take positive measures for increasing the protection offered to those who would still continue to ply the handlooms by preventing the production of coloured sarees by the small powerloom also whether they are in the co-operative fold or outside. We recommend that Government may take all the steps necessary to ensure that adequate facilities to obtain sized beams are provided within a period of three years for the weavers in Burhanpur, Malegaon and Jabalpur so that the powerlooms in these centre, whether in the Co-operative sector or outside simultaneously could change over the weaving of fabrics other than coloured areas.

The data in regard to employment on powerlooms are also significant. The employment provided in certain cases may be as much as 2.5 per loom and in other may as low as 2 per loom on an average working of 1.5 shifts in the country. Thus for 82,000 cotton powerlooms in the different parts of the country on the basis of 1.5 shifts working the employment provided will range between 1.64 lakhs to 2.1 lakhs which includes the owners and men employed. On preparatory equipment etc. but excludes the employment afforded in the processing of powerloom cloth distribution and marketing. The employment provided by an art-silk powerloom may be

assumed at about 2.3 on an average working of 1.75 shifts working the employments provided would range between 1.40 lakhs to 1.80 lakhs.

Our considered view is that the scope for setting up powerlooms in the rural areas with a view to providing rural employment and improving the economic condition of the rural population is at present rather limited.

We consider that construction of industrial estates of the type now being established in the country is likely to be an expensive proposition and the rent payable for the sheds may be found burdensome by the powerloom weavers. We suggest the alternative course of establishing common weaving sheds, preferably co-operatively owned.

The merchant middleman is in a peculiarly strong position in this industry because he provides essential services of yarn supply finance and marketing and it will not be easy to dispense with or displace him until efficient co-operatives or other agencies take over these functions. For the long term growth of the industry on a self-reliant basis and on healthy lines, it will be necessary to re-fashion the structure of many of the existing economic relationships. The steps to be taken to achieve this object have been indicated in our recommendations in the appropriate chapters of this report.

A pattern of growth for the powerlooms industry which seems to be feasible would be based on clusters of about 300 powerlooms each-not under one roof but in small units within convenient distance of one another-established in and around small towns fed by yarn from a mill, preferably a cooperative spinning mill; sizing facilities being provided by a cooperatively owned sizing unit; finance being provided by either existing banking institutions or special powerloom corporations; processing establishments again preferably cooperatively owned and marketing arrangements (not necessarily co-operative) which do not operate to the detriment of the powerloom weaver.

For another important reason also viz. the availability of yarn, watch will have to be kept over the rate of growth of powerloom industry. We recommend that installation of looms on cotton or art-silk without any registration by the textile commissioner should be entirely at the risk of the parties who install the looms and Government should publicise that in the event of looms being installed no Governmental assistance by way of ensuring supply of yarn should be expected. Further till such time as the man made fibre yarn supply in the country catches up and becomes available in sufficient quantities application for registration powerlooms to be employed on art silk yarn should be scrutinised by the Textile Commissioner and registration allowed only at his discretion after satisfying himself about the availability of raw material.

However, looking ahead over a period of the next ten or twelve years, powerlooms are likely to continue to be a part of the country's industrial economy and their growth should be planned as a part of the overall strategy of development.

The emphasis in the developmental schemes for the handloom industry has so far been largely governed by the overall limitation that handloom should continue to be handloom. We have, however, now come to a stage where unless as a matter of policy, Government would embark on a large scale scheme of giving the handloom weavers a more efficient instrument of production to improve their lot the efforts and moneys spent from the exchequer for the different measures of amelioration of the condition of the weavers would largely be set at naught.

We recommend removal of control in regard to acquisition, installation etc. of powerlooms in the decentralised sector as these have proved ineffective and resulted in several malpractices.

We recommend a registration scheme under which powerloom may formally be registered on payment of fee.

While in the case of cottonlooms application for registration when made will be admitted and registered as a formal measure on payment of the fee as prescribed the Textile Commissioner may be given the discretion to refuse registration in the cases of art silk looms depending on the supply position of art silk yarn is also conversion of cotton looms into art silk looms may be allowed to be registered only at the discretion of the Textile Commissioner. Installation of looms on cotton or art silk without any registration by the Textile Commissioner should be entirely at the risk of the parties installing them. Government should publicise that, in the event of looms being installed no Governmental assistance by way of supply of yarn etc. should be expected.

The existing controls and other regulations for the installation and working of woollen powerlooms may be continued and their administration made more effective.

We consider that the scope of the studies on the handloom industry at present undertaken should be expanded to cover powerlooms also,

As registration of powerlooms will be freely allowed and will not also be compulsory, it will be necessary to introduce a biennial census of powerlooms and handlooms to enable collection of relevant data.

While we generally agree with the pattern of assistance adopted for the conversion of handlooms into powerlooms under the old scheme, we suggest that the conditions for installation of the looms should also be modified in terms of our recommendation and the working capital provided should also be suitably increased. We also recommend that in regard to the looms already installed under the conversion scheme, the amount of working capital should be raised as recommended in this report.

We consider that in order to make this transformation of handlooms to powerlooms take place effectively and in meaningful and satisfying manner, the All India Handlooms Board should be made responsible for the implementation of the scheme of replacing the handlooms as recommended by us as also for the task of ensuring that the handlooms and the existing powerlooms maintain and improve their production.

We recommend that the All India Handloom Board should be made into a statutory body and charged with all the functions indicated in our report and provided with the required funds so as to be able to work with a budget of its own. In consultation with this Body, the State, Government should work out the organisational set up at the States level for the propose of successful implementation of the schemes relating to each state.

## AGRICULTURE TEAM ON IMPROVED IMPLEMENTS FOR THE MADRAS STATE, 1963—REPORT

New Delhi, Committee on Plan Projects, 1963. 106p.

Leader : Shri A. P. Jain.  
Members : Dr. Arjan Singh; Shri B. M. Lakshmi-  
pathy; Dr. G. V. Chalam.

### APPOINTMENT

The Agriculture Team appointed by the Committee

on Plan Projects, Planning Commission, undertook the studies of Improve Agricultural Implements in the Madras State, in accordance with the terms of reference Circulated to the State Government Vide Committee on Plan Projects letter No. COPP/7/10/62 dated February 12, 1963.



## TERMS OF REFERENCE

The Team will make an appraisal of the various schemes, both of the Central and State Governments, relating to Agricultural Implements and make such suggestions as it may consider necessary with a view to achieving economy, efficiency and expedition in the working of the schemes.

For the purpose of the study by the Team, Agricultural Implements will be divided into the following categories :—

- (a) Bullock drawn implements ;
- (b) Small power implements ;
- (c) Hand tools and garden implements ;
- (d) Irrigation appliances and machinery ;
- (e) Plant protection equipment, and
- (f) Supplementary implements and equipment.

The Team will study, and report thereon, all aspects of the progress of various schemes, both of the Central and State Governments, and their efficiency and effectiveness in relation to the manufacture, popularisation and distribution of agricultural implements, particularly the following :—

(i) Research : (a) Progress made in research at all levels at the Central and State Research Stations ;

(b) Testing and trials, including the work done at Regional Testing-cum-Training Centres ;

(ii) Manufacture : (a) Availability of raw materials with special reference to the quality of iron and Steel required for the manufacture of implements ;

(b) Arrangement for quality control of implements ;

(c) Adequacy of organisation, both public and private, in different States and the Country as a whole, for the manufacture of improved implements ;

(iii) Training : (a) Study of training facilities in agricultural engineering, training standards, number of trainees, scope for their employment, etc.,

(b) Arrangement for training of village artisans and farmers ;

(c) Follow-up in the field of the training programmes for artisans and farmers ;

(iv) Sale and Distribution : (a) Review of the methods and organisation employed for the sale and distribution of implements and their effectiveness ;

(b) Role of the cooperatives and departmental seed stores in the distribution of agricultural implements ;

(c) Linking of credit facilities with the distribution of agricultural implements and grant of loans in kind ;

(v) Popularisation : (a) Review of the arrangement for demonstrations at the village and block levels, the methods and technique adopted and need and scope for strengthening of the village and block level set up ;

(b) Arrangements for repairs and maintenance at the various levels and the role and working of rural workshops ;

(c) Purchase and hiring of implements by Cooperatives and Panchayats ;

(vi) Administrative Arrangement : (a) Need and scope for strengthening the Agricultural Engineering staff at the District, Regional and State levels ;

(b) Co-ordination among different agencies concerned with research, manufacture, popularisation and distribution of implements.

## CONTENTS

General Background ; Organisation ; Research ; Raw-material ; Manufacture ; Distribution ; Training ; Extension ; Credit facilities ; Economic and Improved Implements and scope of power Machinery ; Summary of Recommendations ; Terms of Reference ; Annexures from 1 to X.

## RECOMMENDATIONS

In order to watch the progress of introduction of improved implements and machinery, steps should be taken to enumerate them separately at the time of quinquennial livestock census.

The facilities available at the Annamalai University for the post graduate studies in Agricultural Engineering are inadequate and need to be augmented to a considerable extent.

Closer coordination between the Departments of Industries and Agriculture in the matter of supply of raw material and manufacturing programme of agricultural implements is recommended. It will also be desirable to associate the Joint Director of Agriculture (Engineering), in the formulation of annual programme of implements manufactured by the industrial units.

In order to avoid duplication of efforts and waste of time and expenditure on research in agricultural implements, it is necessary to bring about close integration and coordination of activities of the Agricultural Research Institute, Coimbatore and Agricultural implements workshop at Thanjavur. While the Research Testing and Training Centre may be converted into the main research station by amalgamating the research section of the college, regional sub-stations may be set up in important agricultural zones of the State.

The inter changeability and coordination amongst the agricultural engineering staff of various schemes should be established so as to enrich and improve the working efficiency of the department.

Since only a few of the large number of implements recommended by the department are popular with the ryots, it is suggested that the list may be carefully examined and only those implements may be retained in it which are of real economic use and within the reach of the cultivators.

It will be desirable to enlarge the objectives and

functions of the Research Testing and Training Centre and include small tractors, power implements and machinery such as power threshers, power sprayers, etc., in the programme of work.

Special attention requires to be paid to the designing of a dryer for paddy seeds.

As hand-tools are still extensively used, particularly in hilly areas, it is necessary to initiate technical studies on them with a view to obtaining maximum efficiency and output by determining the most suitable posture for workers and shape and size of blades, handles and angle of attachment, etc.

Detailed study of various parts of implements, quality of material required for their manufacture and the measures that could be taken to reduce the cost of implements, without reducing their usefulness or working life, should be taken and the results of study published for the information of manufacturing units and extension agencies.

As the ordinary cultivator does not have the means to go in for a large variety of single-purpose implements, concerted efforts are required to be made to evolve suitable multipurpose implements.

At present, the estimates of requirements of iron and steel for agricultural implements are made, more or less, on an ad hoc basis, taking into consideration previous year's figures. It will be desirable to draw up a clear-cut programme regarding the number of implements to be manufactured and estimates for iron requirements should be framed on the basis of schedule recommended by the Team.

The present arrangement of exercising check on the utilisation of iron and steel by the fabricators, needs revision. It will be desirable to ensure this work to the Assistant Engineers instead of the District Agricultural Officers.

Since the present procurement procedure is lengthy and cumbersome, it is suggested to curtail it by long-term planning and doing away with the practice now followed of routing indents through the Ministry of Food and Agriculture.

The policy of equi-distribution of iron and steel out of the agricultural quota to fabricators requires to be stopped. The team recommends that the raw material should be supplied to the fabricators on their previous year's production, installed capacity and future manufacturing programme.

Like iron and steel and coke and coal, separate quota of pig iron requires to be fixed for Agricultural purposes.

There appears to be an urgent need of carrying out survey of agencies engaged in the manufacture of implements and categorise them with reference to their capacity and suitability.

In order to keep down overhead cost of production, it is suggested that the State government may encourage suitable production units for the manufactures of special implements in which they possess the requisite technical know-how and experience.

Utilisation of cooperatives in the manufacture of implements deserves special attention and in order to achieve it, it will be desirable to draw up a definite programme jointly by the Director of Agriculture and Registrar of Cooperative Societies.

In order to ensure standardization of implements and their spare parts, some experienced and well-to-do manufacturers may be encouraged to equip their workers with modern machinery and take up the manufacture of standard implements on a mass scale.

One of the State workshops may be suitably equipped for taking up the manufacture, on a mass scale, of some vital parts of implements such as the discs, blades, etc., which require high carbon steel. All these parts must bear the hall mark of the department and made available in sufficient numbers to fabricators who should be required to make use of them and allotted iron only for the other parts of the implements.

A special committee consisting of joint Director of Agricultural Engineering, Research Engineer (Research Testing and Training Centre), Agricultural Engineer (Inspection), Agronomist, Deputy Directors of Agricultural and few progressive farmers may be set up for the standardization of designs, testing of implements and bringing them on the approved list of the Department.

Arrangement should be made for the quality-marking of implements manufactured by various agencies, including industrial units, by appointing a small subordinate staff and utilising the services of Assistant Engineers in the Districts

The blue prints and specifications prepared by the Team in consultation with the Research Engineer may be published in the form of leaflets for Distribution amongst fabricators and other interested persons.

The industrial units engaged in the manufacture of agricultural implements should draw up their own regular programme of manufacture in consultation with the extension organisations and make arrangements for direct sales to the cultivators either through co-operative societies or retail sellers.

At times, Industrial Units despatch the implements in unassembled condition and send various component parts in several lots which creates great problem for extension agency in assembling them into a finished product.

The scope and function of the workshop wings of Extension Centres may be restricted only to the training of village level workers.

The training of village artisans may be done at the

### Industrial Units.

While the inservice training for District Agricultural Officers and Assistant Engineers may be arranged at the Research Testing and Training Centre, Coimbatore, training course for A.E.O.S., village level workers and farmers may be organised at Agricultural Farms and Extension Training Centres.

For the demonstration of improved agricultural implements and machinery, a well-organised programme requires to be taken up, particularly to show the increased or additional production or saving in labour through the use of improved agricultural implements.

While composite type of demonstration is, no doubt, good, the single-purpose demonstration in the case of implements is also necessary for convincing the farmers of the economy and efficiency of a specific process or item.

The programme of planning, laying out and recording of demonstration of implements requires to be reviewed so as to bring it on a sound footing.

As the demonstration of new implements can best be done by the extension workers fully familiar with local agro-economic conditions, there seems to be no need to appoint an agricultural supervisor in each district for this purpose.

The scheme for the provision of demonstration sets of implements with V.L.W's., B.D.Os. and panchayat unions, requires to be examined so as to improve its working efficiency and retain or add only those Implements which are absolutely essential.

For Implements lent out to cultivators for practical use and demonstration, no charge should be levied.

On some seed and demonstration farms, it will be desirable to have power tillers and small tractors with necessary implements for demonstration to the cultivators of surrounding areas.

On all agricultural exhibitions and shows, improved

implements, suited to local conditions, should be exhibited and simple leaflets in local language, giving briefly use, economics, method of handling, availability of implements, their spare parts and prices, should be distributed amongst the visitors.

A conspicuous space should, be reserved for the exhibition of improved implements in the important markets of agricultural commodities and leaflets should also be freely distributed at these places.

It should be possible for important fabricators to combine their production programme with the training of village artisans and thereby use the latter for introducing and promoting the sale of implements.

All short-term and medium-term loans for agricultural implements and machinery should be advanced through the Cooperative Societies and Revenue Department and Banks should stop issuing those loans.

Since the available experimental data in regard to the increased production as a result of the use of improved implements are very meagre, it is suggested that a well planned programme of research may be immediately undertaken covering all aspects of tillage operations and implements necessary to produce tilth for optimum crop production and economics of various implements in relation to their capacity.

The usefulness of Melur and M.B. Plough, which are at present being distributed throughout the state on subsidised basis, should be carefully examined in the light of results of experiments obtained at different Agricultural farms and their use should be popularised only in areas where their utility is fully established.

Because of equitable tropical climate and extensive irrigation system. Madras offers considerable scope for multiple cropping and introduction of labour intensive crops. In the light of these conditions, the scope of mechanisation in Madras agriculture requires to be studied, in detail, so as to formulate a definite policy and initiate steps to implement it.

# COMMITTEE ON PLAN PROJECTS, AGRICULTURAL TEAM ON IMPROVED AGRICULTURAL IMPLEMENTS IN HIMACHAL PRADESH, 1963—REPORT

New Delhi, Planning Commission, 1967. 55p.

**Leader :** Shri A. P. Jain.

**Members :** Dr. Arjan Singh; Shri B. M. Lakshmipathy;  
Dr. G. V. Chalam.

## APPOINTMENT

The Agricultural Team on Improved Agricultural Implements in Himachal Pradesh was constituted under the Committee on Plan Projects, Planning Commission vide their Memorandum No. COPP/7/10/62 dated 12-2-1963.

## TERMS OF REFERENCE

The team will make an appraisal of the various schemes, both of the Central and State Governments, relating to Agricultural Implements and make such suggestions as it may consider necessary with a view to achieving economy, efficiency and expedition in the working of the schemes.

For the purpose of the study by the Team, Agricultural implements will be divided into the following categories:—

- (a) Bullock-drawn implements;
- (b) Small power implements;
- (c) Hand tools and garden implements;
- (d) Irrigation appliances and machinery;
- (e) Plant protection equipment; and
- (f) Supplementary implements and equipment.

This Team will study, and report thereon, all aspects of the progress of various schemes, both of the Central and State Governments, and their efficiency and effectiveness in relation to the manufacture, popularisation and distribution of agricultural implements particularly the following:—

- (i) **Research :** (a) Progress made in research at all levels at Central and State Research Stations;
- (b) Testing and trials, including the work done at Regional Testing-cum-Training centres ;
- (ii) **Manufacture :** (a) Availability of raw materials with special reference to the quality of iron and steel required for the manufacture of implements;
- (b) Arrangements for quality control of implements;
- (c) Adequacy of organisations, both public and private, in different States and the country as a whole, for the manufacture of improved implements;
- (iii) **Training :** (a) Study of training facilities in

agricultural engineering, training standards, number of trainees, scope for their employments, etc.

(b) Arrangement for training of village artisans and farmers ;

(c) Follow-up in the field of the training programmes for artisans and farmers ;

(iv) **Sale and Distribution :** (a) Review of the methods and organisations employed for the sale and distribution of implements and their effectiveness;

(b) Role of the cooperatives and departmental seed stores in the distribution of agricultural implements ;

(c) Linking of credit facilities with the distribution of agricultural implements and grant of loans in kind ;

(v) **Popularisation :** (a) Review of the arrangement for demonstrations at the village and block levels, the methods and techniques adopted and need and scope for strengthening of the village and block level set-up ;

(b) Arrangements for repairs and maintenance at the various levels and the role and working of rural workshops ;

(c) Purchase and hiring of implements by cooperatives and Panchayats ;

(vi) **Administrative Arrangement :** (a) Need and scope for strengthening the Agricultural Engineering staff at the District, Regional and State levels;

(b) Coordination among different agencies concerned with research manufacture, popularisation and distribution of implements.

The team will carry out case studies of the different prototypes of important Agricultural implements and Hand Tools with a view to judging their efficiency, economy and contribution towards increased production. With a view to facilitating studies and making them realistic the Team will consult and hold discussions with progressive farmers, manufacturers of Agricultural implements and officers and staff of the State Agriculture and other concerned Departments, etc. The Team may coopt representatives of various interests in the field of manufacture supply and use of agricultural implements in different states.

## CONTENTS

Geographical and Agro-economic Features ; Programmes and Problems ; Perspective Planning ; Summary of Recommendations ; Terms of Reference ; Annexures.

## RECOMMENDATIONS

In order to watch the progress of the introduction of improved implements and machinery, it is necessary that steps are taken to enumerate systematically all categories of improved implements at the time of quinquennial livestock censuses.

The programme of general development of hand tools at the Research Testing and Training Centre, Mandi may also include systematic all categories of improved implements at the time of quinquennial livestock censuses.

The programme of general development of hand tools at the Research Testing and Training Centre, Mandi may also include systematic studies on their shape, size and angle of adjustment in relation to the physical capacity of the field worker.

The working of the Research Testing and Training Centre, Mandi needs to be closely examine and streamlined with regard to the appointment of technical staff, equipment of workshop building and supply of raw materials.

In the absence of any scientific data on the field performance of Agro Uni versal power tiller, any proposal for its large scale distribution amongst the cultivators is fraught with risk. It is, therefore, desirable to conduct exhaustive field trials with regard to its suitability, economics, efficiency etc. before recommending it to the cultivators.

Steps may be taken to expedite the appointment of a Lecturer in Agricultural Engineering at the Himachal Agricultural College, Solan so that the syllabus in Agricultural Engineering is fully and comprehensively covered.

The horticultural kit developed by the Workshop Wing at Mashobra may be taken up for further trials at the Research. Testing and Training Centre, Mandi and if found suitable, should be encouraged for mass production.

Immediate steps should be taken to restart the training of village artisans at the Workshop Wing, Mashobra. Urgent action is also needed to fill up the post of Chief Instructor in implements.

The Workshop Wing should have its own full-fledged workshop building with ample working space and training facilities for the village artisans.

The revolving fund provided by the Ford Foundation and lying idle up-till now, may be utilised for advancing loans to the trained village artisans by simplifying the financial procedure.

The training course in blacksmithy and carpentry at the Government Cluster Centres may be organised on sound basis so as to impart comprehensive practical training in the manufacture and handling of common agricultural implements to the trainees. Adequate

funds may also be made available to these centres for the purchase of complete sets of implements commonly in use in that area for the benefit of the trainees.

It would be desirable to include elementary knowledge of agricultural implements and hand tools in the carpentry course taught at the Industrial Training Institute, Solan.

The lengthy and cumbersome procedure with regard to the supply of iron and steel to the cultivators needs to be reviewed critically and cut short by long term planning. The Government may also consider the possibility of making bulk purchase of decontrolled items at the State level for distribution to the cultivators and village artisans at no profit no loss basis.

The Government Foundry, Nahan may take up mass production of improved implements and fast-moving parts of standard design and specifications in consultation with the State Department of Agriculture.

The Rural Common Facility Workshops should be encouraged to take up mass production of hand tools under the technical guidance of the Research Engineer, Mandi.

The system for the sale of improved implements through cooperative societies introduced in Mandi District should be extended to all well-established cooperative societies in the rest of Himachal Pradesh. A proper survey and assessment of specific types of implements, particularly in Chamba and Kinnaur District, needs to be conducted and only such implements as are really found suitable under the local conditions should be recommended to the cultivators.

The possibility of including the Village Panchayats or big landlords to purchase land thrashers for hiring them out to the cultivators at nominal rate may be explored.

There is a need to develop light but durable bullock-drawn implements like iron plough, trimular bar harrow, etc., specially suitable for the hilly terrain Small-sized fields and poor animal power.

In view of vast scope of garden tools in Himachal, concerted efforts may be made to arrange their production locally rather than continue importing them indefinitely from outside the State.

It would be useful to bring out simple leaflets on all important implements and hand tools giving their photographs use economics, and extension workers.

Audio-visual aids should be employed on a large scale to make the cultivators implement-minded.

The programme of demonstrations on improved agricultural implements lacks sustained efforts and needs to be adequately strengthened. The demonstration sets should be kept in perfect working order and proper record of demonstrations maintained at all levels.

The causes for the non-issue of loans to the culti-

vators for the purchase of improved implements need to be looked into and removed in order to avoid hardship to the cultivators.

Adequate funds may be placed at the disposal of the cooperative societies for issuing loans to the cultivators at a uniform nominal rate for the purchase of agricultural implements.

The State Government may examine the question of setting up a separate Agricultural Engineering Section for the demonstration and popularisation of improved agricultural implement more effectively and efficiently.

The Research Testing and Training Centre, Mandi should pay prior attention to designing a suitable clod crusher.

Intensive research and exhaustive field trials are necessary on the economics and efficiency of various German machines and implements before they are recommended to the cultivators for large scale adoption.

The blue prints and specifications of implements and hand tools evolved at the Research Testing and Training Centre and their sectionwise iron and steel requirements may be prepared for the use of the fabricators.

There is need to set up a well-equipped Agricultural Engineering Workshop at the Himachal Agricultural College, Solan for providing adequate teaching facilities and practical training in agricultural engineering to the students. The workshop may also include a set of implements and hand tools designed and development at the Research Testing and Training Centre, Mandi.

The workshop Wing, Mashobra may include a complete set of improved bullock-drawn implements in the training course of village artisans to acquaint them with the use, maintenance and repairs of all types of improved implements in use in the Territory.

Agreement entered into with the village artisans at the time of their training at the Workshop Wing may be modified making it compulsory for them to take up the repair and manufacturing of agricultural implements in their home village for a certain minimum period after the successful completion of the training.

Long-term loans at low interest may be offered to

the trained village artisans enabling them to equip their workshops with necessary tools and instruments.

The State Government may consider the possibility of setting up small workshops at the Block level and rent them out to the experienced village artisans at nominal charges.

The Director of Agriculture should be associated with the Board of Management of Nahan Foundry to render technical advice on the manufacturing programme of implements.

Efforts may be made to set up small fabrication units for agricultural implements on cooperative basis at suitable places, preferably, near the Rural Common Facility Workshops.

Short-term refresher course in the case and maintenance of improved agricultural implements may be started for the District Agricultural Officers, Block Development Officers and Agricultural Inspectors at the Research Testing and Training Centre, Mandi.

A concise programme indicating a definite number of demonstrations on improved implements may be determined for the whole Territory. Splitting them further at district, block and village level season-wise and fixing the responsibility of each extension worker to achieve the target.

It is desirable to institute a system of awarding cash prize or certificates of merit to the extension workers, as an incentive who achieve the annual target of demonstrations, in full.

The Department of Agriculture may make a careful selection of improved implements to be included in the demonstration sets according to the local needs and agro-climatic conditions.

All the Government farms may be equipped with only improved implements and machinery for increasing the efficiency of operations as well as to serve as model to the cultivators.

Arrangements may be made to supply adequate number of spare parts of improved Agricultural implements to the trained village artisans so that implements are repaired without causing any dislocation in the normal schedule of farm operations.

# THE AD-HOC COMMITTEE ON TOURISM, 1963—REPORT

New Delhi, Department of Tourism, 1963. 93p.

Chairman : Shri L.K. Jha.

Members : Shri Y.T. Shah ; Shri S. Mullick ; Shri  
Fateh Singh ; Shri M.G. Abrol.

Secretary : Shri S.N. Chib.

## APPOINTMENT

The Ad-hoc Committee on Tourism was constituted under the Department of Tourism (Ministry of Transport) on 1st March, 1963.

## TERMS OF REFERENCE

(i) Examine, generally, the conditions prevailing in the country from the point of view of promoting tourist traffic and to suggest ways and means of improving these conditions with a view to achieving an expansion in that traffic by at least 20 per cent a year in the next three years, and thereafter at a progressive rate of increase.

(ii) In particular—(a) assess the requirements of tourism in respect of hotel accommodation and transport arrangements and suggest necessary measures for the speedy provision and improve of these facilities; (b) examine the present rules and procedures regarding Visas, customs, and other formalities with a view to facilitating entry and exist of tourists ; and (c) recommend necessary reorganisation of publicity programmes and other steps required to bring about the desired expansion of traffic.

(iii) Suggest measures necessary to ensure that the foreign exchange earned from tourism and resulting from its expansion is protected against leakage.

## CONTENTS

Introduction ; The Value of Tourism ; The Potential and the Performance ; Formalities ; Facilities at Airports ; Transport Facilities ; Hotels ; Publicity and Promotion ; Development of Tourist Centres ; Shopping and Entertainment ; Training of personnel for Tourism ; Leakage of Foreign Exchange ; Building up an Organisation ; Appendices.

## RECOMMENDATIONS

### Introduction

After a fairly rapid increase until 1959, tourist traffic began slowing down in 1960 and 1961. In 1962 there was a decline of 3.9 per cent, part of which had taken place before the Emergency.

The Committee was appointed to enquire into the causes of the decline in tourism and to suggest ways and means of expanding tourist traffic.

### The Value Of Tourism

Earnings from tourism amounted to about 3 per cent of our total exports in 1961, a performance which was bettered by only five other items on our export list.

To assess the potentialities of tourism in augmenting our foreign exchange resources, it is worth noting that international travel expenditure in a single year is far more than the foreign exchange gap for our Third Five Year Plan as a whole. Countries like Spain, Italy and Austria have been able to wipe out their trade deficits and build up large reserves of foreign exchange mainly through measures to attract tourists.

Foreign exchange apart, the tourist industry benefits the domestic economy on account of its high employment potential, because of the personal service provided by hotels, restaurants and transport operators as well as the sale of handicraft products. Possibly 15 per cent of what the tourist spends in the country goes to augment the revenues of the Central and State Government as well as of Municipal authorities.

On all these considerations, it is essential that State Governments and Municipal authorities should offer their fullest cooperation in encouraging foreign tourists to come to India.

To cater for the tourist, it is not necessary to provide luxury standards which may be beyond our resources. The kind of standards of cleanliness and decor, of sanitation and hygiene which the tourist needs should and could be beneficial to a developing country rather than a strain on its resources.

The value of tourism in promoting greater international understanding should not be forgotten.

### The Potential And The Performance

Few countries in the world can surpass India in the range of attractions offered to the tourist-places of scenic beauty, ancient monuments, shikar and other sports, as well as things of cultural, economic and potential interest.

Despite these advantages, India was visited by only 139,804 tourists in 1961, whereas Italy earned about Rs. 359 crores in foreign exchange from 18.9 million tourists in the same year. While tourist traffic all over the world has been increasing at an annual rate of about 13% and many countries in Asia and Africa have had a

steady increase in their tourist traffic, the traffic to India has been declining since the beginning of 1962.

A steady growth in tourism can be achieved by us—provided there is a nation-wide recognition of its value and a concerted effort on the part of the Central, State and local authorities.

#### Formalities

The formalities that a tourist has to comply with have to be made as simple as possible if he is to feel that he is welcome visitor.

A more liberal policy in the granting of visas is necessary. Applications for visas who hold a return/onward ticket need not be asked to give any bank guarantee.

If any tourists arrive without visas, landing permits valid for at least 72 hours should be issued liberally. Such landing permits should also enable the holders to do local sightseeing and in case they desire to visit nearby places, they should be able to get the necessary permission speedily on application. Special arrangements should be made for the issue of collective visas to passengers arriving for a stay of 72 hours or less by chartered aircraft.

Certain countries have been able to abolish visa regulations on a reciprocal basis and this has greatly facilitated the flow of tourist traffic between those countries. To what extent such an approach would be possible for us, may be considered by Government.

The measures adopted to ensure that high-value article like cameras and radios brought by the tourist are taken out by him when he leaves the country, could be further simplified. The re-export form need contain only four columns, viz., (i) make or brand, (ii) particulars (iii) prices paid; and (iv) number of years and certain article which tourists are not likely to part with, such as a reasonable amount of tourists are not likely to part with, such as a reasonable amount of personal jewellery and photographic equipment, may be allowed in without being entered in the re-export form. Tourists sometime carry large stocks of unexposed film on account of doubts regarding their availability in the countries visited. They need not be called upon to obtain an import licence for them. Similarly, no monetary ceilings or other limits should be imposed on what the tourist can bring in, excepting that articles of high value may be entered on the re-export form.

There should be no limit on the quantity of Indian goods which a tourist may take out with him. If the value is particularly large, customs should check with the foreign exchange booklet carried by the tourist to see whether the goods have been purchased with the foreign exchange which he has cashed in the country.

Much of the irritation voiced by tourists against cus-

toms would be eliminated if the opening of their baggage by customs is reduced to the minimum. The discretion to reduce the percentage of test-check is rarely exercised. It is suggested that the baggage of tourists coming by air should ordinarily not be checked, unless there are grounds for doing so.

India's policy regarding prohibition does not include its enforcement on foreigners, particularly those who are temporary visitors. In practice, however considerable inconvenience is caused to tourists, because the regulations vary from state to State—Arrangements to issue all-India liquor permits for tourists should be introduced quickly and Tourist Offices should issue these permits even after office hours and on holidays. Similarly, arrangements should be made for the sale of liquor to tourists on dry days at approved establishments. In areas such as Delhi, where consumption of alcohol in a public place is not permitted a room should be set apart in each hotel where both food and alcoholic drinks can be served, admission to such rooms being restricted to foreigners and/or residents.

#### Facilities At Airports

The first and last, and perhaps the most lasting, impression on a tourists mind is that of the treatment he receives at the time of his arrival and departure, usually at one of the four principal airports of India. Much of the criticism against various formalities and regulations stems from the fact that our facilities at airports are poor.

The terminal building need improvement and in this task, the advice of competent firms abroad who have experience in this field may be sought. The possibility of new air terminal buildings exclusively for the use of international airlines should be explored,

Special attention should be paid to the air-conditioning of those areas of the air terminals where tourists have to spend considerable time. The airport building should provide adequate rest room facilities for the Customs, Police and Health staff who have to be on duty at odd hours. The senior most officials in charge of customs and of immigration formalities should be given residential quarters at the airports.

Postal, banking and exchange facilities should be available at every airport round the clock. Arrangements to make hotel and transport reservations should exist in the terminal building. A few retiring rooms should also be provided.

Catering and shopping facilities at airports should be considerably improved. Duty-free shops should also be provided to enable tourists to purchase articles of day-to-day use such as photographic material, alcoholic beverages, tobacco products, toilet requisites etc.

The most important factor is the human element ;



special training should be given to personnel at airports who should have a reasonably long tenure of service and should possess a reasonably fluency in English so as to avoid misunderstandings in dealing with tourists.

The immigration staff at airports should be under the control and direction of the central government.

The aerodrome officer should be fully responsible for the management, upkeep and maintenance of the terminal building and should hold periodic meeting with the heads of the customs, police and health staff to ensure coordination of effort.

The aerodrome officer should be given financial powers to incur reasonable expenditure on maintenance, petty repairs, etc. a readily available source of finance for this could be found by levying a cess of Rs. 3 per international passenger at the time of departure.

### Transport Facilities

In 1962, 67 per cent of the tourists came to India by air. Earlier surveys indicated that 75 per cent of American tourists and 60 per cent, of European tourists chose air transport for most of their journeys within the country.

The Indian Airlines Corporation have a distinguished and enviable record of safety in their services. However certain difficulties and drawback from the tourists point of view need to be removed.

The Indian Airlines corporation should get itself better known abroad, both through travel agents and through Government of India Tourist Offices. It should not only advertise its flight schedules long in advance, but should ensure that the change in timings are duly notified in foreign countries.

Speedy confirmation of bookings is essential for the tourist traffic. As a rule, tourist should be able to get confirmed bookings at 15 days notice. About 10 per cent of the seats on all routes normally used by tourists should be kept in reserve for them until one week before each flight and 2 to 3 seats upto three days before departure to enable tourists to make changes in itineraries.

Until all stations of the IAC have been linked up by teleprinter the IAC should put through extra telephone calls (without necessarily recovering the cost from the tourist) to facilitate bookings from immediate stations.

Some of the Dakotas likely to be rendered surplus should be retained by the IAC for introducing additional flights during the peak season and for charter flights.

The IAC should pay special attention to tourist traffic to earn foreign exchange which it needs for the maintenance and expansion of its service. At present it is estimated to be earning about Rs. 2.75 crores in foreign exchanges per annum. This figure could steadily grow. The IAC might well run some services which purely in

rupee terms may not seem so attractive. If thereby it is able to carry a large volume of tourist traffic as for instance a Dakota flight between Agra and Jaipur.

Next to air transport, tourists prefer travelling by road on short sectors. Motor vehicles are, therefore, necessary both for group travel and for those desiring to travel in privacy.

Special motor coaches equipped with large glass-panes trained guides, public address system and other amenities are essential for sightseeing in large cities like Bombay Delhi, Calcutta and Madras. Attention should be given to the improvement of existing tourist bus service, and it might be an advantage to give the operational charge of these buses to the Department of Tourism at least for a limited period.

In order to maintain an efficient car transport service for tourists who want to do sight seeing in privacy it would be necessary to import cars which should preferably run by a governmental agency so as to ensure that the cars are used only by tourists on payment in foreign exchange. Cars allotted to private operators should be under stricter control to ensure that they give preference to tourists, charge approved rates and account for earnings of foreign exchange.

Railway are now used by tourist mainly to visit places not linked by air. For the benefit of those who travel by rail, western-style dishes of good quality should be supplied on demand by charging higher prices, if necessary bed rolls should be available at short notice even at smaller station of tourist interest. Facilities should also be made available to tourists to make speedy return or onward reservations from intermediate railway stations.

### Hotels

India has at present only about 11,000 hotel beds suitable for tourists. There is a marked absence of moderately-priced hotels of a suitable standard in large cities. The growth of the hotel industry, in general has not kept pace with the increase in the number of tourists.

The incentives given by government to the hotel industry include release of foreign exchange for import of essential equipment loans from the Industrial Finance Corporation and State Finance Corporations and income-tax exemption for new hotels. Despite these incentives, only five new hotels of a good standard with a total of about 341 beds, have come up in recent years.

The main difficulties are insufficiency of capital and non-availability of suitable sites. Not many hoteliers have asked for loans from the IFC or SFCs. Suitable sites for good hotels are difficult to get in larger cities except at prices which would make it difficult for a medium-priced hotel to be built.

The Tourist Department estimates that to provide the additional hotel accommodation to cope with the anticipated growth in tourist traffic, about Rs. 20 crores would have to be invested in the next five years. It is doubtful if private enterprise can find so much capital. Private enterprise is also more likely to concentrate on luxury hotels, rather than on modestly-priced hotels. The public sector will, therefore, have to play a major role in providing additional hotel accommodation.

State Governments may be able to participate in financing the construction of hotels by making available suitable sites owned by them. Their value being the State government share in the equity capital private investment in public sector hotel should be ruled out.

It would be preferable to entrust the day-to-day operation and management of state-owned hotels to hotel-operators India or foreign. The latter would have the advantage of helping to attract tourists through their international contracts.

While there is no objection, in principle to the creation of a separate agency for providing loans to the hotel industry it would be more practicable to rely on the existing financial institutions. For this a somewhat more flexible approach in the part of the existing institutions, taking into account the special features and requirements of the hotel industry, can be needed. The Life Insurance Corporation could constructing hotel buildings in places where there is acute scarcity of hotel accommodation.

It would be advantageous if institutions and countries offering credits for economic development could be persuaded to make their loans useable for the hotel industry. In addition, private foreign investment should also be encouraged.

It is necessary to ensure that hotel prices are kept within reasonable limits and are not increased without adequate justification.

The construction of low-period accommodation should be encouraged by subsidising organisations which are essentially non-profit-making. Suitable sites in important cities of Bombay, Calcutta, etc. should be specifically earmarked for hotel construction. The rates of permit for allowing hotel construction in important areas of Delhi, particularly in residential areas where only partial utilisation of land is allowed, should be re-examined.

For better utilisation of land which is highly expensive, new hotels should be allowed to design a majority of rooms as double rooms and the prescribed minimum of single rooms for income-tax exemption may be reduced from fifty 25 per cent of the total accommodation. Income-tax exemption should be allowed even if the party owning the building and the party operating it are different.

## Publicity and Promotion

Tourist publicity overseas is concentrated in a few countries and mainly takes the shape of distribution of tourist literature, contacts with the travel trade and press publicity.

For tourism no less than for other reasons, the image of India and the Indian people has to be projected abroad in a way that it reaches not merely the elite and the erudite, but also the average man. Publicity through editorials, newspaper and magazine articles, radio and television is of great value for this. It can be arranged through public relations, agencies as well as by inviting foreign journalists, travel writers, photographers, television film producers etc., or familiarisation tours of India. The shooting foreign cinematographic films in Indian settings should be encouraged on a more liberal basis.

While from the available statistical data, it is not possible to say conclusively that the increase in the inflow of tourist from particular regions where Tourist Offices have been opened, was in fact, and if so, to what extent, attributable to the opening of these offices, India will, in order to compete with other countries trying to attract tourists, have to open additional tourist offices from time to time. The opening of an office in Japan and an increase in the number of offices in the United States would seem most worthwhile at the juncture. In addition, small teams may be sent to particular areas from time to time to make an impact by delivering lectures, arranging television programmes, briefing travel agents and other similar means.

Indian Missions abroad can and should be used to provide tourist information and encourage tourism. Similarly, the possibility of using the services of Indian Banks overseas and indeed, of the resident Indian community in certain areas for this purpose, should be explored.

Tourist publicity material should be of the very best quality and the best artists, designers, writers, printers, photographers, film producers etc., available in the country should be engaged for its production, so that the publicity material does not suffer in comparison with what is put out by other countries.

## Development of Tourist Centres

Approximately 150 places in India have the potential of being developed into good tourist centres. As our resources are limited, instead of spreading them thinly over too wide a field, we should concentrate on a few selected centres and provide all the necessary facilities there in the first instance.

Preference for immediate development should be given to place which have features most likely to attract foreign tourists and which are easily accessible, preferably

by air. The list should include at least one or two centres in each State.

For purposes of development it would be practical to divide the selected tourist areas into two groups—those where basic facilities of transport, accommodation and other amenities already exist, and those which have to be developed from scratch. In the first category may be included Bombay, Calcutta, Delhi and Madras as well as Agra, Jaipur, Banaras, Srinagar, Madurai, Hyderabad, Mysore, Chandigarh, Ahmedabad, Darjeeling, Cochin and Bhubaneswar. In these places, further development should not only include hotel and transport facilities but also exploitation of local festivals and folklore. In the second category the inclusion of Kaziranga, Jim Corbett Park, Fatehpur Sikri, Bodhi Gaya, Nalanda, Rajgir, Puri, Konarak, Pahalgam, Gulmarg, Bhakra, Manoli, Udaipur, Sanchi, Mandu, Khajuraho, Ellora, Ajanta, Goa, Halebid, Mahabalipuram, Kovalam beach and Lake Periyar is suggested.

The master plans prepared by the working Groups appointed by the Department of Tourism should be implemented expeditiously. At other potential centres of tourism not mentioned above, the State Government should continue to develop basic amenities to attract mainly domestic visitors for holiday and tourism for the present.

**Shopping and Entertainment:** Tourists generally spend some time and money on shopping and entertainment. According to an economic survey by the Institute of public opinion, tourists from America and Europe spend a total of nearly Rs. 2.00 crores annually on shopping alone. Tourists also took for various forms of entertainment. Tourist expenditure on these things can considerably help the promotion and development of handicrafts and also of cultural activities, besides yielding foreign exchange.

To help the tourist, a brochure giving a list of recommended shops in Delhi, Bombay, Calcutta and Madras has recently been brought out of the Department of Tourism. More tourist be similarly covered.

Shops dealing with merchandise in which tourists are interested should be encouraged to form local associations so as to impose internal discipline on their members. Those showing a high earning of foreign exchange from tourists and a good record of no complaint service to tourist should be granted certificates by the Department of Tourism.

Special attention on the part of the authorities concerned with handicrafts and handloom products should be paid to the kind of "Souvenirs" which the tourist wants to buy. Souvenirs should be light, easily packed and not too fragile so that transportation by air presents no problem.

There is a paucity of good cultural entertainment,

particularly in the light idiom. Instead of night clubs and foreign cabaret artistes, Indian style entertainment of a lighter variety, for performance in existing theatre halls and auditoriums as well as in hotels and restaurants, should be developed.

Private cultural organisations should be persuaded to plan their shows and festivals with an eye on the tourist traffic and in close collaboration with the Department of Tourism to ensure advance and adequate publicity—such as the Republic Day Parade in Delhi or the Dussehra festivities in Mysore already receive.

The possibilities of developing special programmes involving light and sound spectacles centred on some of the historic sites, particularly in Delhi should be explored.

Arrangements should be made for temporary membership of clubs for tourists to enable them to participate in sports such as golf, polo, tennis, etc. The development of winter sports in the Himalayas and other forms of sports should be exploited for touristic purposes also.

Sampling local gastronomic delicacies is another form of evening entertainment for tourists, and hotels and restaurants should make efforts to popularise not only tandoori dishes but other specialities selected judiciously, prepared without too much of spices and served in a manner suitably adopted to western needs. Special attention should be paid to the taste and flavour of the tea and coffee served in Indian hotels, necessary technical assistance from the Indian Tea Board and Coffee Board.

### Training of Personnel For Tourism

Apart from the need for specialised training for airport staff already mentioned it is necessary that hotels, travel agencies and tourist offices should be manned by personnel specially trained for their work.

In particular, attention should be paid to training facilities in hotel management. With a view to improving standards of the existing institutions set up for this purpose foreign instructors, preferably under some aid programmes, should be employed, and some of the staff in training institutions may be sent overseas on short specialised courses.

Facilities for training in institutional catering should be provided in different parts of the country by setting up a number of craft training centres so that trained personnel are available for working in restaurants, railway dining cars, canteens etc.

There should be further discussion between the Department of Tourism and the State Governments as well as travel agencies to pursue the project of having short-term training courses in the off-season when the staff does not have its hands full.

A comparative study of tourists arrivals in India and

the foreign exchange earned from tourism during the last seven years, would show the earnings have not been increasing in proportion to the increase in the number of tourist arrivals. There was a 20 per cent increase in tourist arrivals in 1960 as compared to 1959, whereas the increase in earnings was about 7 per cent only.

This imbalance cannot be attributed to a change in the pattern of tourist expenditure. No doubt there has been a small increase in tourists belonging to middle income groups and also a slight decrease in the average duration of stay, but on the other hand the prices of hotels food transportation, entertainment etc. have been increasing. The imbalance could, therefore, only be the results of foreign exchange.

In any country suffering from acute shortage of foreign exchange, there are always anti-social elements attempting to secure foreign exchange by illegitimate methods. In considering precautionary measures, care has to be exercised to ensure that the measures adopted do not have the effect of defeating their own purpose by discouraging tourists from coming to India.

The steps to be taken to stop a leakage of foreign exchange would fall broadly in the following categories:

(a) There should be some simple measures which would make the tourist conscious of the fact that it is an offence to make sales of foreign exchange to unauthorised people at more than the official rates of exchange.

The tourist should in addition be made to feel that by cashing his traveller cheques at the right place and dealing with reputable organisations and agencies, he gets better value for his money.

The people who encash travellers' cheques should for their part, have the feeling that by surrendering the foreign exchange, they stand to benefit in respect of such of their normal legitimate activities as are dependent on their earning of foreign exchange.

The enforcement machinery should be active against all those who try to acquire foreign exchange from the tourist for illegitimate purposes.

The effectiveness of the recently introduced booklet recording foreign exchange transactions of tourists in stopping the leakage should be reviewed after six months experience.

People who get import licences in order to cater for the tourist trade should submit an account of their foreign exchange earnings and in the grant of licence due weight should be given to the amount of foreign exchange earned and surrendered by them.

### **Building Up An Organisation**

The success of the effort to promote tourism requires continuous attention to the ever-changing problems and prospects in this field. In the memorandum submitted to the Committee and in the oral evidence before it, it

was emphasized, time and again, that the effort to promote tourism suffered, because its importance was not receiving the recognition that it deserved at the hands of Central Government Department, the State Governments and the public at large.

It is disappointing to note that very little of the Third Plan allocation of Rs. 8 crores-Rs. 3.5 crores for the centre and Rs. 4.5 crores for the states-has been utilised so far.

Apart from the recommendations embodied in this report to deal with new problems as they arise and for the various tasks which lie ahead, a proper organisational framework has to be built up.

In view of the value of tourism to the economy the public sector should assume a more active and positive role in matters related to tourism.

Apart from activities like hotel building referred to earlier, it would be an advantage for a public sector agency to organise for sale through travel agent etc. "package tours" in which the tourist will be able to pay at all-inclusive rates for internal travel, accommodation and sight-seeing. Such tours would be more attractive to visitors who can spend only a limited amount of time and money, would be easier to organise and eliminate the risk of leakage of foreign exchange. Then again, items like road transport facilities for tourists, supply of imported goods at reasonable prices to tourists and other similar activities would for various reasons be more suitably handled by a public-sector agency.

For such activities as would be essentially a commercial in character, a Corporation should be set up under, the Companies Act, rather than as a Statutory body. Most of the activities of the Corporation would be self-supporting in nature, though a certain amount of promotional work may have to be undertaken. The resource required to set up the Corporation could be found out of the Third Plan provision for the Promotion of tourism the utilisation of which is proceeding at a very slow pace.

The corporation could take over some of the functions of the Department of Tourism, such as publicity abroad. The department of Tourism could concentrate on activities which are, directly connected with the working of Government Departments and the exercise of regulatory control, where necessary.

Regulatory control over hotels, transport operators etc, should, as far as practicable, be exercised through executive rather than legal, authority. It would however, be advisable to take powers by law to license travel agents and regulate their activities.

A positive and nation wide feeling in favour of tourism has to be generated by inspiration from the top. Tourism should not be something extraneous but woven into the pattern of Indian life and Indian economy.

# COMMITTEE OF MEMBERS OF PARLIAMENT ON HIGHER EDUCATION, 1963—REPORT

New Delhi, Ministry of Education, 1964. 65p.+ivp.

**Chairman :** Shri P.N. Saprū.

**Members :** Shri C. K. Bhattacharyya ; Shri M. P. Bhargava ; Shri Amar Nath Vidyalkar ; Shri Sidheshwar Prasad ; Shri P. Muthiar ; Shri Satya Charan (expired) ; Shri P.K. Vasudevan Nair ; Shri R.M. Mehta.

**Secretary :** Shri Triyogi Narain (for some time he took leave and Shri C.L. Dhingra acted as secretary).

## APPOINTMENT

At a meeting of the Informal Consultative Committee of Members of Parliament on Education held on the 6th of March, 1963, a resolution was moved by Shri Sidheshwar Prasad recommending that university education should be made a Union subject. In the discussion on the resolution, opinions were expressed in favour of the view that the Union Government should assume a greater responsibility than it has done hitherto in the field of higher education. Suggestions were made that the country should have a more or less uniform pattern of higher education. As the debate had raised some basic issues, Dr. K L. Shrimali, the then Education Minister, suggested that members should agree to the appointment of a small committee from among members of the consultative committee to consider the constitutional provisions in all its aspects relating the coordination and determination of standards for institutions for higher education including research, scientific and technical education. The proposal appeared to be acceptable to the Members of the Consultative Committee and ultimately it was decided by the Government of India, in pursuance of the observations made by Dr. Shrimali, to appoint this committee.

## TERMS OF REFERENCE

(i) To examine the provisions of the Constitution regarding the responsibility of the Central Government in the field of higher education with a view to finding out the extent to which the centre could assume greater

responsibility in this field ; and

(ii) To suggest appropriate steps to be taken for the purpose.

## CONTENTS

Introduction ; Historical Background ; Higher Education—Before and After Independence ; Guiding Principles ; Constitutional and Legal Position ; Maintenance or Standards ; Some other Aspects of Higher Education ; Role of the Union Government ; University Grants Commission A Review of Its Work ; The Gujarat University Case and Its Implications ; Recommendations ; Appendices I to IV.

## RECOMMENDATIONS

1. We think that while Entry 66 of List I gives exclusive authority to the Union Government to co-ordinate and maintain standards it needs to be supplemented by an arrangement which would enable the Union Government to review the work and purposes achieved by university enactments and bring them, where necessary, into conformity with national requirements. We, therefore, recommend that university and higher education should be transferred from the State List to the Concurrent List, retaining intact Entry 66 in the Union List. Under this arrangement the State Governments will continue, as at present, to be responsible for the maintenance of universities. We have explained in the chapter on the Gujarat University case the exact impact of Entry 66 according to the view taken by the Supreme Court.

2. We have pointed out that the University Grants Commission is the main agency through which the Central Government has exercised the obligations imposed upon it by Entry 66. We are satisfied that under existing conditions, the University Grants Commission should have 15 members, of whom at least five should be full time members. It goes without saying that they should be men of the highest standing in the educational world and we, therefore, recommend that they should be persons of the status of Vice-Chancellors:

We have also been forced to come to the conclusion that it is undesirable that a person who is for the time being holding full time appointment as a Vice-Chancellor should be appointed Member of the Commission. We, therefore, recommend that serving Vice-Chancellors should not be appointed as Members of the Commission. Our reason for making this suggestion is that it is undesirable to place a person in a position where he may have divided loyalties. The prestige of the University Grants Commission depends upon its being an independent and impartial body. The composition of the Commission should be such as to give no impression to the public that it is not completely independent.

3. We have emphasized the importance of university education and research. They are vital for our national development. No country can afford to neglect them. Our considered opinion is that the grant for allotment for university education and research placed at the disposal of the University Grants Commission is very meagre, as was emphasized by Dr. Kothari, Chairman of the University Grants Commission in his statement before us. Without committing ourselves to any figure, we are strongly of the opinion that in the Fourth Five Year Plan, a very much larger amount should be placed at the disposal of the Commission.

4. Our enquiry has disclosed that the system of matching grants has not worked satisfactorily. Both State Governments and universities find it difficult to provide matching funds. We, therefore, do not favour the system of matching grants and feel that depending on the merits of the case, the condition of grant should be liberalized.

5. We are strongly of the view that the University Grants Commission should recognize, in consultation with the universities concerned, more and more institutions, as provided in clause (f) of Section 2 of the University Grants Commission Act, 1956, for purposes of financial aid. This will enable institutions which do not at present come within the purview of University Grants Commission Act to come under it.

6. We are distressed to find that the pay scales in aided colleges are grossly inadequate. We, therefore, recommend that steps should be taken to see that more and more colleges adopt the pay scales prescribed by the Commission for affiliated colleges.

7. We have emphasized in our report how education must be regarded as one integrated whole. Professional education cannot be completely divorced from general education. We, therefore, recommend that professional education including Medical (Basic), Agricultural, Engineering and Law should also come within the purview of the University Grants Commission.

8. A real improvement in university education is not possible without a corresponding increase in the

efficiency of our secondary education. We, therefore, recommend that vigorous steps should be taken to improve the quality of secondary education. We refrain from going into further details in this matter as it is not within our purview.

9. Poverty should be no bar to the acquisition of the highest knowledge. It should be possible for common people to start life without avoidable handicaps. Provided a candidate has merit he should be enabled to join our higher educational institutions. We, therefore, recommend that the number of scholarships and sizarships for university education and research should be considerably increased in institutions of higher education. We attach importance to the question of amount as it should be one which would cover all reasonable expenses of a student.

10. The importance of the education of women cannot be over-emphasized. Women hold the key to the future progress of the country. The number of scholarships and sizarships for higher education for women students should be considerably increased.

11. We are not in favour of single-faculty universities, for neither the literatures, nor philosophies or the sciences can be separated one from the other. Nevertheless, we recognise that there is a place in our educational system for institutions of national status specializing in various disciplines in our country. We, of course, assume that there will be no complete divorce in these institutions between the humanities and the sciences.

12. We have examined in our Chapter on the University Grants Commission the working of that body. We have been disturbed by the fact that there have been occasions when a State Government has not consulted the Commission before setting up a university. We, therefore, recommend that the University Grants Commission Act should be so amended as to make it obligatory on the part of a State Government to consult the Commission before setting up a new university. We may point out that this change cannot be effected if education is not made a concurrent subject. Indeed, this is one of our main reasons for recommending that education should be brought on the Concurrent List. We feel that University Grants Commission Act should have specific provision which would enable the Commission to consistently refuse to give any financial aid to universities established without its prior consultation.

13. There are agencies at present for consultation between the universities and State Governments. The time has come now when a convention should be formally established for frequent consultations with State Governments and universities on all important policy issues. We are in favour of making the Inter-

University Board a more effective body and it should more and more be regarded as the spokesman of university opinion.

14. We think that the universities should give attention to the question of minimum age of entry. We think that there should be a minimum age. What that age should be is a matter for the universities to consider and decide. We are also of the opinion that the universities should pursue a common policy in regard to admissions and that admission particularly to professional institutions be based upon merit consistently with due regard to the interests of Scheduled castes, Scheduled tribes and other socially and educationally back-

ward classes of society. It would, of course, be the concern of the universities to lay down the tests for merit.

15. One way in which the centre can play a greater part in promoting higher education is to establish at least one central institution of the highest standard in every state to serve as an example to other educational institutions in the State.

16. Our universities have a duty to perform towards those who are not able to complete their education and who desire to have the benefit of higher education. We recommend establishment of morning, evening colleges and correspondence courses for the benefit of those who are unable to pursue regular courses.

## **HEAD-ON COLLISION BETWEEN 35 UP PASSENGER AND 2 DOWN AVADH-TIRHUT MAIL AT UMESHNAGAR STATION (NORTH EASTERN RAILWAY) ON 4TH JANUARY, 1963—REPORT**

Delhi, Manager of Publications, 1969. 15p.

One-Man

Commission : Shri D.C. Desai ;

### **APPOINTMENT**

The Commission was constituted under the Ministry of Tourism and Civil Aviation (Commission of Railway Safety) in accordance with Rule 9 of Railway Board's Notification No. 1926-T, dated the March 19, 1930.

### **TERMS OF REFERENCE**

To inquire into the collision between No. 2 Down Avadh-Tirhut Mail and No. 35 Up Passenger, which took place at about 4.00 hours on the morning of 4th January, 1963 at Umeshnagar Station on the Katihar-Barauni Section (M.G.) of the North Eastern Railway.

### **CONTENTS**

Summary ; Inspection and Inquiry ; Preamble (Description of accident ; Casualties ; Composition of the Trains ; Damage ; Passengers ; First aid and Medical Assistance ; Refreshment ; Restoration of Communications) ; Local Conditions (Description of locality ; System of Working) ; Oral Evidence ; Material Evidence ; Discussion (Possible causes of Accident ; Driver of 35 Up passing signals at danger ; Down Signals taken off after replacing Up signals ; Up signals taken off after replacing Down signals ; Taking off through signals for 2 Down ; Driver of 2 Down passing signals at danger ;

Priority of reception ; Reasons for Driver's failure ; Setting of Training points for a different line ; Provision of outer signals ; speed of trains) ; Conclusion ; Recommendations made by the Commission of Railway Safety in connection with 'Head on collision between 35 Up Passenger and 2 Down Avadh Tirhut Mail at Umeshnagar Station, N E. Railway, on 4th January, 1963.

### **CONCLUSIONS**

#### **Cause Of Accident**

Having considered all the oral, material and circumstantial evidence available during my enquiry and inspections, I have come to the conclusion that the collision between 2 Down Mail and 35 Up Passenger at Umeshnagar was caused by the Driver of No. 2 Down Mail having passed the Down flome signal at danger while entering the station.

#### **Responsibility**

I hold the Driver, R.D. Roy, of No. 2 Down Mail responsible for momentary inattention to the duty of observing the aspects of signals while approaching a station, thus violating G.R.'s 76 and 122. He is 48 years old and has put in 31 years' service. He had passed the eye sight examination on 27th January, 1962 with a pair of glasses which were in his possession. He had been punished on a few occasions for losing time on the run

or turning up late on duty but not for causing any accident.

#### Relief Measures

(a) There was a delay of 1 hour in starting the Medical Van from Samastipur. The Railway Administration have investigated into the reasons for this delay and taken up with the staff responsible. Apart from this, the relief measures organised by the railway were prompt and satisfactory.

(b) The magistrate, police officers and the S.D.O., Shri Sahai, of Khagaria gave all possible assistance in the rescue operations promptly and in adequate measure. The Secretary, Thana Congress Committee, Khagaria, took charge of the dead bodies and performed the cremation rights according to custom. The Nagrik Sewa Samiti paid for the cost of food, clothes and blankets. A number of other social organisations from Ballia and Monghyr also helped in the relief arrangements.

(c) Special mention should be made of the yeoman's service rendered by Shri Kedar Narain Singh Azad, M.L.A. of Khagaria who contacted civil, police and

medical authorities in addition to the local social and volunteer organisations immediately on hearing of the accident. He personally went to the Government Hospital, met the Deputy Superintendent and brought medical staff and equipment for relief work to the station. He informed the local volunteer corps and called upon the Nagrik Swayamsevak Samiti to collect clothes, food, blankets, tea and other refreshments. All these were sent in the medical relief van from Mansi under his personal supervision to Umeshnagar. He also despatched another train from Khagaria with a relief party, blankets, medicines and other materials to the site of accident. Finally, he went by motor trolley to Umeshnagar with the District Engineer and two civil doctors of Khagaria Hospital and assisted in the rescue operations.

(d) I am satisfied that all civil, railway and police officials as well as local volunteer organisations rose to the occasion and organised relief and rescue work in a praiseworthy manner. I suggest that the Railway Board may send letters of appreciation and commendation to the persons and organisations concerned.

## ACCIDENT TO NO. 26 UP BANGALORE CITY COCHIN HARBOUR TERMINUS EXPRESS AT KUPPAM STATION OF SOUTHERN RAILWAY ON 21ST MAY, 1967—REPORT

Delhi, Manager of Publications, 1970. 16p.

#### One-Man

Commission : Shri V. Venkataramayya.

#### APPOINTMENT

The Commission was constituted under the Ministry of Tourism and Civil Aviation (Commission of Railway Safety) in accordance with Rule 10 of the Railway Board's Notification No. 59-TTV/42/1 dated 11th April, 1966.

#### TERMS OF REFERENCE

To inquire into the accident to train No. 26 Up Bangalore City-Cochin Harbour Terminus Island Express at Kuppam Station, on Bangalore City-Jalarpet Broad Gauge Main line section of the Southern Railway at about 21-50 hours on 21st May 1967.

#### CONTENTS

Corrigendum ; Summary ; The Accident ; Casualties ;

Inspection and Inquiry ; The Train ; Number of Passengers ; Damage ; The Relief ; Restoration of Traffic ; Local Conditions (The locality ; System of working ; The Permanent Way ; Permissible Speed ; Weather and Visibility) ; Summary of Evidence ; Inspection, Observation and Tests ; Discussion (Time of the accident ; Speed of the train ; Permanent way ; Signals and Interlocking ; The condition of the Engine ; Brakes) ; Conclusions ; Annexures I and II.

#### CONCLUSIONS

##### Cause Of The Accident

From the evidence available and from my detailed observations, I have come to the conclusion that the accident to No. 26 Up "Bangalore City-Cochin Harbour Terminus" Island Express at Kuppam station on the Bangalore City-Jalarpet Broad Gauge Main line section of the Southern Railway at about 21-50 hours on 21st



May, 1967 was caused by the inability of the Driver to control the train, which ran past the Starter Signal of the platform loop line in the 'ON' position and crashed into the Sand Hump.

#### Responsibility for the Accident

The Driver Shri G. Jeremiah was mainly responsible for the accident. He started his train from Tyakal station with insufficient vacuum in contravention of Rules 3 (b), 5 (c) and 6 (g) of the Rules and special Instructions for the use of the Automatic Vacuum Brake on trains. When he found that the train vacuum pipe had cracked and that he could not create sufficient vacuum, he should have stopped his train at Tyakal and arranged for changing his engine. He had mis-judged his ability to stop the train on a descending gradient with partial vacuum in the train and with steam brake on the engine.

Shri G. Jeremiah, aged 45 years, was originally appointed on 7-3-1940 as Fireman Apprentice and was later promoted as Fireman on 16-4-1942. He was promoted as Driver 'C' on 27-8-1949 in which capacity he worked till 19-7-1962 when he was promoted to officiate as Assistant Foreman/Running, Jalarpet. He was reverted as Driver 'B' at his own request with effect from 17-8-1964 and subsequently promoted to officiate as Driver 'A' on 25-10-1964. He had no punishments during the last 10 years as a Driver in connection with working of his train.

Guard Shri C.R. Ekambaram was also responsible for the accident. He should have detained the train at Tyakal station, as there was not sufficient vacuum. He contravened the subsidiary Rules 113 (ii) (a) and (b) of the General Rules and also Rules 3 (b), 5 (c) and 6 (d) of the Rules and special Instructions for the use of the Automatic Vacuum Brake on Trains. He had not been vigilant and had not cared to consult the Driver when there was not sufficient Vacuum in the rear brake van.

Shri C.R. Ekambaram, aged 57 years, was originally

appointed as Training Pupil on probation on 26-7-1929 and was confirmed as Train Clerk on 7-4-1930. He was promoted as III class Guard on 4-2-1940 and as II class Guard from 20-3-1947. He was promoted as temporary 'A' Grade Guard with effect from 27-12-1954 and was later confirmed in that capacity on 1-12-1957. In connection with the train operation he was once censured for failure to ensure that train No. 604 on 19-9-1957 was stopped clear of failing mark to enable train No. 611 to be started in time which resulted in 35 minutes late start to the train.

The senior Train Examiner of Bangalore City Station (Shri P.S. Sripathy) failed in his duty to rectify the defective brake cylinders or to give a correct Brake Power certificate. He cannot, however, be considered responsible for the accident, which was caused by the driver attempting to work the train with insufficient vacuum after the vacuum pipe had cracked. His (Shri Sripathy's) contribution to the cause of the accident can, if any, be considered as indirect and marginal only.

#### Relief Arrangements

The local doctors and the public had been very prompt in reaching the site. They spared no efforts in extricating the injured and in giving medical attention. Their help and assistance were very commendable. The Road crane of Bharat Earth Movers Limited had rendered invaluable assistance in shifting and lifting the parts of the buckled coach and in extricating the injured passengers. The Railway Administration might like to convey their appreciation to all of them.

The Relief Medical Van from Jalarpet reached the accident site promptly but the Break-Down Special from Bangarapet was detained at Gudupulli for nearly half an hour. This detention could have been avoided.

Considering the tragic circumstances and resulting confusion at the time, I am satisfied that medical attention had been prompt and adequate.

## STUDY TEAM ON FIVE YEAR PLAN PUBLICITY, 1963—REPORT

New Delhi, Ministry of Information and Broadcasting, 1965. 194p.

Chairman : Amar Nath Vidyalankar ;  
Members : Radha Nath Rath ; P. Range Reddi ;  
Roshan Lal Chaturvedi ; S.M. Joshi ;  
Secretary : A.R. Baji ;

#### APPOINTMENT

The Study Team was appointed Under the Resolution No. 9 (70) 59-PP dated 3rd April 1963. The Government of India have been considering for some time the

question of undertaking an Assessment of the impact of various programmes of Publicity for the five year plans which is carried on through different media of Mass Communication under the Ministry of Information and Broadcasting. The department which are dealing with such publicity are the Directorate of Field Publicity, the All India Radio, the Press Information Bureau, the Directorate of Advertising and Visual Publicity, the Films Division, the Publication Division, the Photo Division and the Song and Drama Division. Public Co-operation and public opinion constitute the principal force behind planning in any country. THE GOVERNMENT HAVE ACCORDINGLY decided to set up a Study Team to make a detailed study of the impact of the measures taken to publicise the Plan and to report to Government about steps which should be taken for better utilization of the existing staff and resources. The team will also examine the question of the more effective utilization of the Publicity and Audio-Visual material produced by the Ministry of Community Development and Cooperation and distributed for the purpose of propagating the philosophy and objectives of Panchayati Raj, Sahakari Samaj & Community Development movements.

## TERMS OF REFERENCE

The terms of reference of the Study Team will be to Study and report on :

(1) The Plan publicity being carried on by different media units of the Ministry of Information & Broadcasting and its impact on the Public with a view to improving its efficiency and broadening its impact, with particular reference to the following aspect :

- (i) Arrangements for publicity
- (ii) Co-ordination and activities between
  - (a) The different Media Heads of the Ministry
  - (b) The Centre and the States ; and

(2) The Utilization of the Publicity and audio-Visual material produced by the Government of India for the Purpose of propagating the philosophy and objectives of Panchayati Raj, Sahakari Samaj & Community Development movements. And to recommend to the Government ways and means for the better utilisation of the Publicity programmes undertaken by the Ministry of Information and Broadcasting and the Ministry of Community Development & Cooperation.

This Study team was required to submit its report within a period of six months. The period has been extended up to August 31, 1964.

## CONTENTS

The report is in 3 parts :

**Part I :** Introduction, Scope and method of study ; Concept and approach of plan publicity ; the problem

and the performance ; Coordination.

**Part II :** Broadcasting ; Film ; Field Publicity ; Songs and Dramas. Advertising and Visual Publicity ; Press ; Publications ; Publicity for Community Development ; Panchayati Raj Sahakari Samaj.

**Part III :** Summary of Conclusions and recommendations ; Appendices (A) Resolution of the Government of India ; (B) Questionnaires on Plan Publicity through Films, Broadcasts, Songs & Drama, Advertising and Visual Publicity, Publications and Mobile Units, Mailed to Non-Officials ; (C) Total, Category-wise and Media-wise, Despatch and receipt of mail questionnaires ; (D) Questionnaires issued to Heads of media units and Regional Officers under them ; (E) States/Union Territories, District and Places visited ; (F) Questionnaires issued to Development Commissioners and Registrars of Cooperative Societies in the States.

## RECOMMENDATION

This is a study of "What the Publicity arrangements are at present" and a report on "What they should be". Mass Media have not been oriented in method and approach to suit the needs of a developing society. The Appointment of the Team is an indication of Governments desire to take stock before embarking on expansion and recognition.

Mere adjustments and practical improvements within existing resources offer no solution. Available resources—Manpower and Material—have to be pooled effectively through planned publicity efforts and through fully bringing the State Publicity Organisations into the picture.

The Core of the Study is to assess the Impact of Plan Publicity with the objective of widening its scope through more efficient planning and execution of the publicity programmes.

The Methods of study employed including inviting written memoranda from Public, sample survey through mail questionnaires sent to officials and the public, information from different publicity media units concerned, discussion within Central and State Ministers and official concerned with information and publicity, legislators, Presidents and Members of the Zila Parishads, Panchayat Samitis and Panchayats and villagers, representatives of public organisations, members of public and on the spot field investigations in rural areas in nine States and three Union Territories. 89 out of 186 districts were covered by field investigations.

The findings may be challenged as being contrary to statistical information ; but these are a faithful reflection of what a cross-section of people at the receiving end think.

A radical departure from existing coordination arrangements with States is needed to bring into existence an effective mass communication machinery.

The entire publicity effort—whether general or plan—must be pervaded and informed by the Socialists' ideals that the nation is striving for.

**Concept and Approach of Plan Publicity:** Plan publicity should generate among the masses a clear understanding of the "Vision of the future" projected in our plans and prepare the minds of people to meet the challenge of social problems that would arise due to industrialization, urbanization and modernization of the economy.

Government alone cannot shoulder the responsibility. A total mobilization of all opinion-moulding cadres of leadership is needed.

The concept of socialist pattern of society, the urgency of the task of development and the role of the individuals and groups in this task should be communicated to the masses in a dynamic way and with missionary zeal. The essential basis of publicity programmes should be to bring the masses into action and to make the principal beneficiaries of development the Chief instruments and architects of the new society.

Publicity personnel in the field should establish the closest liaison with extension staff and ensure that general plan publicity is linked with informational services emphasising improved techniques of farming and better rural living.

The research aspect of Plan publicity, which has received scant attention so far, needs to be strengthened in the most immediate future.

The objective of publicity, generally speaking should be to inform, persuade and inspire to make peoples minds receptive, to familiarise them with social and economic changes and to develop local executive for decision-making.

**Problems and the Performance:** Permanent cures and not palliatives are needed to free publicity policy, approach and method from the restrictive and inhibiting influences of today, some basic facts of publicity have been glossed over for too long.

The fundamental aim of the Plan publicity should be the motivation of group and individual action for realisation of the 'good life'. We are seeking for the masses. Information service should generate a wide spread understanding of basic aspects of democratic planning.

Developmental communication is a two-way traffic of 'information services' and 'intelligence services.'

The size and character of the masses to be reached

and the tools and equipment available for this purpose have to be reckoned with in judging the performance.

The impact on the people of the existing programmes has been the strenuous, vague and diffused and no section of the population has been touched in a forceful manner. Publicity has lacked purpose and has been weak in approach.

Publicity effort in urban areas needs point, direction and purpose and should be based on research and survey. In rural areas, it should be more broad-based and exclusively and imaginatively presented.

Radio, Film, Song & Drama and Exhibitions are the most productive media for publicity among rural masses; 'printed word' publicity under present circumstances is a comparatively wasteful effort.

Semi-urban population, essentially rural in its background and an effective Channel of Communication with rural areas is a target of the highest importance to Plan Publicity but ill-served at present. The effective media for this section are Radio, Film, Exhibitions and language newspapers.

In urban areas, printed word is the most effective means of addressing the educated sections, should be reached through organised radio listening and documentary exhibition.

Students need to be converted to the new faith of democratic socialism.

A major public criticism has been that actual achievements fall short of what publicity projects. The content of publicity should confirm of realities,

There is no clear conception of the role of publicity functionaries; they lack an intelligent understanding of the requirements of the new society being established on democratic socialism.

Publicity of the radical socio-economic changes aimed at in the Plan should be planned and organised on a nation wide war footing. Some of the basic principles of publicity campaigns should be that themes are planned and fixed periodically, ruling the different sections of the community and bearing relation to current problems, the basic social and economic concepts, the change in emphasis as public opinion demands and the need of peoples participation. Departmental approach and publicity should be abandoned and achievements should be projected as national attainments.

Communication with the masses has been approached with apathy and indifference. Allocations for publicity have been very meagre and are regarded as a drain on the economy rather than investment in human resources. While Govt. has come to regard, publicity functionaries as 'status symbols', the general public has come to view them as Propaganda boys of Government.

Expansion of media of mass communication in post-independence era, though striking in itself, has been inadequate compared to the requirements of reaching the vast numbers dispersed over wide areas.

The media units accord a low priority to plan publicity, conforming to budgetary allocations which are infinitesimally small. The dyarchic system of Central and State publicity has also encouraged dissipation of the scarce resources.

Scientific planning and methodical execution, which have been conspicuously lacking so far, are essential to success of publicity. Publicity Planning Groups should be established at the Centre and in the States. A Director-General of Plan Publicity should organise, supervise and guide the total national effort.

It is misnomer to call the existing Research and Reference Division, providing as it does mainly reference services. Its research activity should be reoriented for scientific communication research under qualified directorial and research staff.

The cumulative impression of governmental publicity is that it is still a desk-bound service purveying facts and figures of no meaning to the common man. Publicity effort should be correlated with problems and issues agitating the public mind.

There is at present probably nothing like satisfactory field intelligence available to publicity programme planners.

The existing Directorate of Field Publicity should be converted into the Directorate of Plan Publicity Evaluation and Intelligence.

No official participation in publicity, already being evaluated by a separate committee, needs to be broad-based and its integration with official publicity secured.

Present publicity is largely directed to urban based educated classes, with disproportionate emphasis on English educated sections, rural population in major cities, have not yet received a square deal.

Generally, publicity through the metropolitan press is sought with a heavy emphasis on coverage of ministerial pronouncements, conference proceedings and factual accounts of achievements in isolated sectors of the economy. This imbalance should be rectified, among other methods, by extending the work of Information Officers to cover advising on publicity through all media.

Imbalance in publicity resulting from an over-emphasis on publicity through personalities needs rectification.

There has been a disconcerting insensitivity to public criticism which has damaged governmental public relations and for which policy-makers rather than the functionaries should take the blame. The fault lies in the failure to depart from the pre-independence app-

roach of only selling Government to people without reflecting people's needs in governmental policies.

Publicity organisations have become "ineffective agents of action on behalf of the planners". The position can be profitably reversed by recognising publicity as an integral part of the machinery of adult education.

**Coordination:** Communicating with masses requires the closest coordination between various State agencies from Panchayat but no machinery at present exists to secure effective co-ordination.

The greater the number of agencies, the greater is the need of their co-ordination action. Like a military campaign, publicity should aim at striking results.

The high-powered committee for Direction & Co-ordination has done commendable work, but a handicap has been its infrequent meetings, the limited scope of its composition, the inadequate follow-up machinery and the absence of assistance of a professional group of publicity planners.

The conferences of State Ministers and State Directors of Information have concerned themselves mostly with administrative details rather than policy and methodology. They have not reviewed action taken on their recommendations, which lack constitutional or conventional sanction, and have not succeeded in bringing about co-ordination.

The durational and functional vicissitudes of the post of Adviser on plan publicity have resulted in his ineffective functioning.

The Inter-Media Standing Committee can serve only a limited purpose and cannot provide the close coordination necessary.

The State Publicity Co-ordination Committee rarely meet, and do not cover much ground. Centre-State Co-ordination in the field is operating on personal basis which has generally not yielded profitable results.

The general assessment is that existing co-ordination arrangements are not conducive to efficiency or economy, resulting in fragmental, diffused and directionless publicity effort.

The Centre has a clear responsibility to import a rational purpose of the entire plan publicity programme. This is the theory behind the recommendations made in the Report.

Publicity should be a joint venture with Centre providing planning, direction, guidance and leadership and States implementing the directives. The main outlines of the scheme recommended are: uniformity in publicity policy and guidance secured through States' association in policy making at the highest level; a basic pattern of methodology and techniques for publicity campaigns to be evolved Centrally; provision for assessment and public reaction analysis under central aus-

policies; implementation of field programmes under supervision of State authorities and provisions of training facilities by the Centre for all publicity personnel.

All Central media should continue to render services as heretofore, but field execution should be carried out by States on behalf of the Centre which has the advantage of joint responsibility, unified policy and planning.

Policy directives should issue from the existing Committee for Co-ordination and Direction, where jurisdiction should extend to State programmes. The Committee's membership should include three to four State Ministers of Information, and it should normally meet once every three months to review progress and issue directives.

The Committee should brief all State Information Ministers at annual conferences and seek their advice. The Conferences should have powers to commit financially and administratively the State Governments to schemes approved by it.

Central Ministers concerned with development departments should exchange views with the Committee at alternate meetings. Secretaries of the departments should clear inter-Ministerial financial and administrative details in meetings held every four months.

There should be a Committee for Direction and Co-ordination at the State level, meeting once in three months, and functioning in the same manner as the Central Committee.

To plan publicity campaign strategy, a Central Publicity Planning Group should be set up in the Ministry of Information and Broadcasting with a Director-General of Plan Publicity as the chief technical executive to plan and direct the publicity programme. He should not be saddled with administrative duties.

A Planning Group should be formed to be associated with the Director-General in discharging his functions.

The Director-General should have under his control the Directorates of Communication Research and Plan Publicity Evaluation and Intelligence; the existing Research and Reference Division and the Directorate of Field Publicity should form the nucleus of these Directorates manned by experienced, trained personnel. Half of the existing units of the Field Publicity Directorate should be utilised as the field organisation for the Directorate of Plan Publicity Evaluation and Intelligence. The Director of Song and Drama of Plan Publicity Evaluation and Intelligence. The Director of Song and Drama and the officer advising on the mechanics of communication in Indian languages should have a small organisation to assist them in day-to-day work, which should be provided out of the existing Song and Drama Division.

Similar Planning Groups should also be set up in State Capitals, to work as agents of the Central Planning Group in giving effect to the Central directives.

The State Director of Information should be the chief executive agent on behalf of the Central and State Governments for all publicity activities and he should have appropriate ex-officio status in the Development Commissioners' office.

The machinery at the District Block and Panchayat levels should comprise the District Publicity Officer, the publicity supervisor, the Social Education Officer and the Panchayat Secretary or School Teacher, with their respective duties defined.

A regional Director of Plan Publicity should be appointed in each state on behalf of the Central Government to control and administer all Central media activities.

The CIS officer needs to be given in-service training and orientation including the importing of knowledge of the goals and objectives of democratic planning and socialist pattern of society.

It is desirable and advantageous to bring the State Publicity personnel within the scope of the CIS. A general upgrading of salary scales of Central and State personnel is needed.

Close coordination is urgently needed not only between Centre and States but also between the different Central Ministers and Departments doing Plan publicity. CIS officers should supervise and control publicity units in all Ministries concerned as is now in operation in such Ministries as Railways, Community Development and Food and Agriculture.

All publicity functions of the State Govts. should be unified in the State Departments of Information.

**Broadcasting.** In India, Radio is the most powerful medium of information, education and entertainment. In the context of economic and social reconstruction it has a sensitive and significant role to play.

Radio programmes have shown an undue concern with publicity to personalities and departments of Govt. instead of projecting achievements as national efforts in which people have a large share. AIR has a moral obligation to serve as the voice of the people as much as the mouthpiece of Government. Plan publicity programmes comprise only a very small proportion of total broadcast programmes; the transmission and listening facilities need augmentation. Yet the impact of radio programmes for rural listeners has been quite impressive, direct and decisive, as compared to other media. This is a clear case for a more intensified and efficient use of the radio in rural India.

The impact of Plan publicity programmes for urban listeners has been less impressive and less direct and decisive. They have to be effectively tackled by more

organised and determined efforts.

The daily rural programme are very popular and received with enthusiasm and eagerness by the audience.

The new content of rural programmes is suffering from imbalance of urban-biased news, which needs to be corrected. Language, duration and timing of programmes are unsatisfactory in certain areas. For deep psychological impact broadcast of unedited recordings of reactions of villagers is desirable. The presentation of rural characters as ignorant backwoods men should be discouraged. The programmes do not contain much of interest to backward and non-farming sections. (a) A news gathering network should be organised and rural news coverage in the existing bulletins should be stepped up and ultimately a special rural news bulletin should be introduced (b) Rural preference should be taken into account in programme planning, the planners should keep in constant touch with rural life by periodical tours, and also provide guidance, advice and information on problems as they arise, (c) The duration of the programmes should be extended and adequate provision should be made in the Fourth Plan for the purpose. (d) The timings of the broadcasts should be fixed according to the requirements of regional and seasons, based on broader-based consultations. (e) The number and scope of mobile field units of AIR should be increased and their working, including visits to less accessible areas, toned up. (f) Solutions should be found to the difficulties in more extensive broadcasts to Adivasi areas and transmission and listening facilities in border areas should be given priority consideration.

The community listening scheme, though implemented at a slow pace, has made the rural listeners the most widespread, organised and receptive patrons of AIR programmes. The Radio Rural Forums have the potential to help the decision-making process at the village level to gain momentum. Above all, a state-owned radio system should cater to the informational educational and entertainment needs of the rural masses.

The proposal to increase community listening sets by 1.75 lakhs in the current plan should be implemented early. In the Fourth Plan a 100 percent coverage in respect of both transmission and community listening facilities should be aimed at.

A systematic survey of replacement requirements of community sets should be instituted immediately with quick follow-up action. The Centre should bear 50 per cent of the cost of replacement of condemned sets. The local communities have necessarily to bear a part of the cost and should build up replacement funds over ten years.

Manufacturing defects have been detected in community sets even at initial delivery. Steps should be

taken to ensure that no such lapses occur in future

All demands for the sets should be met, the centre should either ensure expeditious delivery or permit states to arrange supplies on their own.

Govt. subsidised schemes providing domestic sets to rural communities should be abandoned. But in the Fourth Plan a 100 percent coverage in respect of both values on community sets, which would involve extra cost which should be borne by the communities.

From 1964-65 only transistorised sets should be supplied under the community listening scheme, which offer many advantages.

The feasibility of setting up a radio manufacturing plant in the public sector should be examined.

The capacity of the single supply firm on contract to Govt. for dry battery packs for community listening sets should be augmented, or contracts should be given to other firms also to improve the supply position.

Short-term training courses on handling and maintenance of the sets should be organised and a sense of responsibility included in those who handle them.

State Govt. should lay down and enforce satisfactory procedures for inspection and report on the working of the community sets.

All India Radio should arrange, with State Government Corporation, for a model scheme of in-service training for mechanics.

In view of the meagre resources of State Information Departments, the Central Govt. should accept in principle the proposal to share a part of the maintenance expenditure, the actual quantum to be agreed upon between the Central and State Governments.

The Audio Rural Forums programme deserves a first priority in plan publicity.

The memberships of the Forums should be more broadbased than at present; mostly the advanced sections of the rural community alone are the members to day.

The informational and instructional broadcasts in the programme should be followed up by distribution to relevant literature and demonstration by Block Staff.

Special cells should be set up in State Information Departments to collect and classify all relevant data for ready reference and quick access to information needed for Forum programmes.

The District Publicity Officer should supervise the work of Block Officers in respect of organising and activating the Forums.

The Chief Organiser, the official responsible for organising and emerging the forums, should be a fairly senior officer working on a full-time basis, and assisted by deputies and officers of the Central Directorate of Plan Publicity Evaluation and Intelligence.

The Third Plan target of 25,000 Forums should be

achieved, in the Fourth Plan a Forum should be established in each of the two lakh panchayats in the country. Chairman and Conveners of the Forums should be imparted short-term training in discussion procedures and follow-up action.

Block officers should show keener interest in the Forums, responsible development department officers should work as liaison officer and Zila Parishads and Panchayat members should be responsible for creating awareness of the implications of the Forum schemes.

Government of India should take up with State Governments and management associations the question of compulsory provision of wireless sets in industrial establishments and speedy implementation of the Industrial Listening Forums Scheme, recommended at a 1962 seminar in Ahmedabad, for the benefit of the industrial working class. All India Radio should also extend the wire broadcasting service to workers colonies in major industrial centres. Labour representatives comments and views should also be broadcast in the programmes.

Courses on development planning should form an integral part of school curriculum. Special broadcasts on planning for schools should be organised and listening facilities provided in high schools on the Farm Forums model.

Serious-minded student youth should be brought into the Radio clubs, their interest in the clubs sustained and a general knowledge paper on plans, based on the broadcasts, prescribed.

AIR should establish organised listening groups in all towns and semi-urban areas where the listeners are the most receptive audience for Plan publicity.

Television, a powerful medium, but still in experimental stage in Delhi only, should be extended to the country in the foreseeable future.

Film : Film-going in urban areas has become almost a national habit.

A medium of communication, film has an important and substantial part in developmental programmes.

Film has an emotional appeal, added to it is the glamour attached to film stars. No film, including the ones carrying social purpose, has proved as much a box office success as those featuring popular stars.

The demand for more extensive exhibition of documentaries, newsreels, and other films in widespread both in rural and urban areas.

Commercial exhibition of documentaries, newsreel, etc., in Bombay, Madras and Delhi has been very popular and should be extended to other urban centres. University Film Council should also be pressed into service and film clubs formed all over the country; documentary festivals should also be organised. The law of compulsory screening of approved films should be enforced strictly wherever it may now be violated.

while the best among the Film Divisions documentaries can stand international comparison and compilation, the rest are works of less than imaginative art.

Eminent producers should be engaged in producing more Film Divisions documentaries than has been done so far.

Subjects of documentaries are determined by the sponsoring Ministries and thereby lend to project personalities and achievements. There is considerable scope for improvement of scripts and the quality of their translation into regional languages. A portion of the documentaries should have a regional complexion.

Spoken language of the people should be employed more liberally in commentary writing, and the reading should be less rapid.

Colour films on development subjects are in great demand. Cartoon films create great impact and should be produced in larger numbers.

The proposed colour processing laboratory for the Films Division should be set up in the near future.

Half of the Films Divisions annual documentary production should be shot in the different States, which need not be dubbed in all languages; each such documentary should be produced in the majority language of a State for exhibition in that State only. The other half may be produced as in the past but with emphasis on diverse regional coverage.

The production wing of the Films Division should be decentralised to secure wider coverage of different regions.

Newsreels should contain news of local interest for exhibition in the local areas. A monthly or two-monthly newsreel should also be produced for exhibition in rural areas.

At least two feature-type documentaries should be produced annually.

Private producers should be commissioned to produce feature films of educative and entertainment value under some guarantee scheme. Film industry may also contribute its share to the national effort by stars offering honorary services or on token payment for starring in films of this category.

Film strip production should be taken on hand soon.

The number of documentaries on tribal life should be increased as also the requirements of border areas met.

**Field Publicity :** The objective of field publicity is laudable. The aim of Central organisation is to provide a national ideological base to the common mans understanding of planned development.

Public reaction consensus is that the performance of field units has been neither adequately impressive nor fully purposive. The smallness of the Central organisation, the paucity of its resources, the indifferent skill

of personnel and lack of adequate control and supervision of the field programmes have conditioned its performance.

At least half the film shows organised by the field units are held in urban areas or within easy reach of such centres. Distribution over districts is erratic, uneven, irrational the less accessible areas being neglected. Introductory remarks are not informative on the themes of the films and their linking with the national objectives. Selection is indifferent.

In the selection and organisation of song and drama functions, the performance of the officers has not been satisfactory.

Oral communication which should have been the main means of publicity aided by film, song and drama performances has generally been relegated to the background.

The quality and content of oral communication leave scope for anxiety and concern. The main handicaps appear to be inadequate knowledge and appreciation of local conditions and problems and inability to assimilate and utilise the guidance material received.

Little preparation and thought is bestowed on themes and content of symposia and seminars. Regional Officers, better equipped for organising the activities, have little time as they are preoccupied with headquarters duties and routine inspection.

Some definite achievements have been made in respect of programmes directed to women and children.

Selection of personnel has generally not been according to the standards of competence, zeal and enthusiasm necessary.

The status and the hard life of field officers resulting from the nature of their duties has also contributed to their poor performance.

Regional officers should control all the Central media units in a State and actively associate with the planning of Plan publicity.

In the organised set-up proposed, the Director will be one of the principal advisers to the Director-General of Plan publicity, in his new role as the Director of Plan Publicity Evaluation and Intelligence.

State-Central Coordination is based largely on personal equation than on an institutional basis.

The main cause of the unproductive effort of field publicity has been the dyarchical approach to conceptual and organisation aspects.

From the view point of physical means of publicity, in valuation to the millions, to be reached, there is no duplication of effort between the Central and State organisations. There is diffusion rather than duplication of effort.

Central personnel have more freedom to perform their primary task of publicity than the State personnel

who have multiple demands to satisfy.

State Governments have meagre facilities while capacity of centre to operate in the field is limited, joint responsibility and participation is the answer.

The custody and display of publicity aids should be entrusted to the school teacher or panchayat secretary.

At the Block level, publicity should be the principal charge of the social Education Officer who should be responsible of the District Publicity Officer in this regard.

Field units, are in every five Blocks, should be set up with mobile cinema vans to organise more cinema shows in the rural areas. The Publicity Supervisors, in charge of the units, should organise song and drama activities and secure services of local leaders for oral communication of publicity. For this, all existing Central and State vans, which will be sufficient for the purpose, should be placed under the State Directorates of Information which should be the channels of all field publicity Central or State.

The District Field Publicity Officer should be entrusted chiefly with a supervision, inspection, guidance and direction of Publicity Supervisors and Social Education Officers, among other related activities.

Half the number of central units should be retained for special assignments in strategic areas or for other special assignments. They should be under the charge of the Regional Director of Plan Publicity. The remaining half should be taken over by the Directorate of Plan Publicity Evaluation and Intelligence as its field units.

Publicity functionaries at all levels working in the field should have common designations.

**Song and Drama:** Song and Drama, touching the deepest emotions of the illiterate millions, is a matchless medium of propagating planned development.

It is difficult to reach the masses without utilising this medium which has the advantage of personal, intimate and traditional appeal.

The Medium's limitation is that it can be only supplemented to other media, as its appeal is emotional rather than personal and its purpose is to inspire rather than inform.

Incompetently written and produced dramas can produce no desired effect. A great majority of the dramas produced by registered troupes fall in this category.

Good script have not been available. To rectify this, more attractive terms, to playwrights, who have shown a lack of involvement in national reconstruction, and less insistence on carrying direct messages in the scripts are some of the steps required to be taken.

The procedure for approving scripts should be further simplified, composition of the Scripts Committees should be reviewed and public spirited citizens with interest in theatre should be brought to serve on the Committees.



The quality of registered troupes is below standard. Good performers are generally attracted to perform in the cities. Also, there is an interdepartmental competition in commissioning the troupes. A standardised fee should be determined and the Song & Drama Division should raise the maximum of its payment. Amateur and College dramatic Clubs should be subsidised for a limited number of performances. State Government troupes should also be commissioned on subsidy basis.

A local theatrical group should be formed for every 15 Blocks with a nominal Central financial grant, first on a pilot basis and later extended to the whole country if the results so warrant.

Song and drama activities, currently being organised through the Regional Offices of the Directorate of Field Publicity, should be organized through qualified officers of the State Information Directorates.

Drama festivals should be organised on a regional basis throughout the country under Central auspices with Cooperation of State Governments concerned.

The Central Drama Troupe, while efficient in itself has not been able to satisfy the requirement of experimenting with new plays and evolving standards of private troupes to follow. It should be transferred to one of the neighbouring Hindi-speaking States under the Sponsored Drama Troupes Scheme.

The Departmental Troupe for U.P. and Bihar should also be transferred to either U.P. or Bihar. Also, the Centrally sponsored troupes scheme, a sound publicity Venture, should be implemented soon.

At least one ballet should be produced every year and staged in different parts under Central auspices.

The Song and Drama should be attached to the Central Publicity Planning Group as adviser to the Director-General of Plan Publicity to assist him in planning and directing the Song & Drama Programme in the country.

**Advertising & Visual Publicity :** Publicity, through display advertisements, posters, folders, etc. has not yielded results commensurate with the investment made. A principal drawback of the Directorate has been the absence of survey and research which would be rectified by the proposed Communication Research and Plan Publicity Evaluation and Intelligence Division.

Exhibitions and outdoor publicity have been effective and should be exploited more extensively.

Persuasiveness has been found wanting in Plan and Development advertisements.

Improvements in advertisements need to be made in regard to size, frequency, layout and typography. More judicious selection should be made for advertising in the periodical press.

The services of private advertising agencies should be utilized in an advisory capacity for major publicity cam-

paigns. The DAVP should also be empowered to commission outside talent for major campaigns.

A wide section of the people can be reached through the Indian language, rather than the English, papers.

Govt. should review its advertising policy so as to encourage a positive role in development publicity in newspapers.

The lakhs of posters printed and supplied have been insufficiently and poorly displayed.

The posters should be produced imaginatively to make them attractive and intelligible to the people.

Regional language posters should be produced by State Directorates of Information. Posters in English should be displayed only in cities and large towns. The existing type of posters should not be distributed in rural areas and only hoarding-size posters should be displayed there.

Printed literature for rural areas should be confined to illustrated folders, which should be directly despatched to the Panchayats. For urban areas, different folders should be produced for different sections of the population.

Big-sized cement hoardings should be put up in all Panchayat Samiti head-quarters ; large hoardings should also be set up at most frequented public places and select prints on railway trunk routes.

Metallic tableaus should be displayed in all passenger trains and on State-owned and private buses.

One mobile exhibition van should be provided on all passenger trains and on State-owned and private buses.

One mobile exhibition van should be provided for every six districts, during the Fourth Plan. These should be Central units but should operate under control of the State Directors of Information.

Two-coach exhibition units should be provided on each Railway Zone.

Two exhibition trains should be commissioned on the broad gauge and metre gauge systems dedicated to Jawaharlal Nehru, the Prime Planner and projecting the cause of planning through his inspiring words.

#### **Press**

The Press Information Bureau's most favoured clients are the metropolitan newspapers central round Bombay, Calcutta, Madras and Delhi, but their coverage of Governmental publicity material is the smallest.

The press in State capitals and other cities has given better coverage to development news, but even so it is not adequate to the needs. A more liberal allotment of newsprint and an extensive development news service should be provided to this sub-metropolitan Press.

The future of newspapers as a medium of mass communication lies in a systematic development of the mofussil Press. But it is faced with a number of limiting factors and weaknesses.

The periodical Press, an important avenue, has not been properly utilised.

Generally, the language Press inadequately served by the Bureau. However, the material, seemingly prepared for the English Press, is not translated properly to be intelligible to the readers of this section of the Press. The language services should be freed from the bandage to the service in English and strengthened.

The feature service should be reoriented to serve as an imaginative service.

(i) In regard to the metropolitan and sub-metropolitan papers, the PIB should arrange uncondoned tours for individual correspondents. The Bureau in co-operation with the Community Development Organisation should issue a fortnightly digest of rural and small town development news for use by newspapers. A background and reference service should be provided. A feature service of high quality should be organised by the Bureau for use by a select number of papers on exclusive basis. The Principal Information Officer should establish close liaison with leaders of the profession to ensure that a sense of pride in achievement is cultivated among readers.

(ii) For the non-metropolitan Press, the Bureau should arrange a special regional photo-cum-feature service, mailing of literature to correspondents in cities and districts, a fortnightly round-up on Plan and its progress, and a photo panel service for Sunday Magazine sections.

The organisational side of the Bureau should be improved.

The Photo Division should be enabled to plan and project photo publicity for the Plans. Government, through the Zila Parishads, should start small weekly newspapers of educative value dedicated to local needs, first on a pilot basis and later extended to the country, if found useful.

#### Publications

Disciplinary requirements of Govt. service have conditioned the literary effort of Govt. publicists, resulting in an apologetic approach to publicity.

The bewildering variety of reading requirements and tastes of different sections of the community and the failure to plan the publicity literature in accordance with the requirements of the target audiences have resulted in the relative ineffectiveness of the publications to create the necessary impact.

Printed publicity can have a deep and lasting impact.

Publications take time to issue, lack intimacy and personnel touch and, therefore, the impact gets diluted.

The language and content of the publications division's popular pamphlets directed to audiences of various levels are little different from one another and

are of poor production value. The Division should evolve a more scientific assessment of the reaching lasses through the proposed Planning Group of the Division.

Printed publicity for rural areas is a waste of effort and resources. Extensive survey and research into the vocabulary of village literates is needed for satisfactory results. The bulk distribution of the discontinued in rural areas. The resources should be diverted to printed publicity among people with higher literacy. Literature for neo-literates should, however, be produced.

The impact on the fairly educated class in urban areas has been encouraging, distribution arrangements among these sections should be improved.

Govt. should take immediate steps to ensure that the publications are displayed permanently and utilised properly in schools and colleges. Plan literature should also be made compulsory reading in schools and colleges.

Regional language publications can be brought out in irrational order of preference, much later than their English versions, and with much lower production standards.

There is little original writing in the Publication Divisions regional language publications, which should except for Hindi, be entrusted to State Govts.

While the priced publications are of good production values the imprinted Plan publications are not so, and need to be improved in this respect also.

Hoarding-size posters should be installed at Block Head-quarters. Panchayat Samitis should be set up cement structures and Central and State Govts. should supply posters to suit the size of hoardings.

It is desirable and feasible to have one mobile cinema for every five Blocks. The target for the Fourth Plan should be a mobile cinema van for every three Blocks and for the Fifth Plan and van for each Block. Film strips should be produced and, as their production gains momentum, each Block should have a film strip projector.

Radio is the most powerful medium in rural areas. The importance of working the community Listening and Radio Rural Forum Schemes should be forcefully brought home to the official workers of Community Development and elected representatives of Panchayati Raj Movements.

Publicity material reaches the Block headquarters, but is not fully distributed to the ultimate targets. The display of posters is disappointing. The material should be directly mailed to responsible officials like Panchayat Secretary or School teacher. The Social Education Officer should make inspection of actual utilisation and report to appropriate authorities.

Social Education and publicity go together. The Social Education Officers or the Education Extension

Officers should be redesignated as Extension Officers (Publicity) and suitable training should be imparted to them particularly in organising Radio Rural Forums.

The Study Team on Information and Community

Centres has made recommendations regarding Information Centres and we endorse them.

The blue print of an integrated publicity machinery has been provided in the section on "Co-ordination".

## COMMITTEE ON COOPERATIVE ADMINISTRATION, 1963—REPORT

New Delhi, Ministry of Community Development & Cooperation,  
Department of Cooperation, 1963. 266p. (Memograph)

Chairman : Shri Vaikunth L. Mehta.

Members : Shri R. Dasaratharama 'Reddy' Shri G.D. Goswami, Shri P. D. Kasbekar; Shri M. L. Batra.

Member

Secretary : Shri G. V. Ramamurthy.

### APPOINTMENT

The Committee on Cooperative Administration was constituted under the Ministry of Community Development & Cooperation vide their Notification No. F11 19/63-Coord. dated April 15, 1963.

### TERMS OF REFERENCE

(a) To review the existing departmental set up in the various State and to suggest the broad lines for determining the strength departmental staff at various levels, namely, at headquarters, divisional, district and lower levels;

(b) To make recommendations regarding the special staff required to be provided at various levels to deal with special items of work, like cooperative farming, cooperative marketing, processing, industrial societies and other types of societies;

(c) To make recommendations regarding the criteria for determining the strength of the audit staff at various levels;

(d) To suggest criteria for fixing the strength of supervisors whether employed by Government, Cooperative unions or by financing banks as the case may be;

(e) To suggest measures necessary for ensuring adequate training to the staff at various levels, and

(f) To suggest broadly procedures for recruitment at various levels with a view to securing continuity of policies and programmes.

### CONTENTS

Introductory; Cooperation Under the Third Five

Year Plan; Administrative set-up of Cooperative Department; The Registrar; Structure of Cooperative Department; Division of Departmental Machinery; Audit; Supervision; Loaning of Departmental Staff; Recruitment and Training; Federal Agencies—Transfer of Duties, Functions and Powers; Democratic Decentralization and Cooperative Administration; Conclusion; Summary of Recommendations; Appendix I to VIII.

### RECOMMENDATION

#### The Registrar

It is the duty of the co-operative department to satisfy itself before a cooperative society is registered that it has reasonable prospects of success in co-operative functioning and in its business aspirations. The Department has also to help in designing a framework in which the institution can function satisfactorily without detriment to its co-operative character and the structural requirement of its business. Once the preparatory arrangements are made and the co-operative enterprise is launched, the Department has watch not only that the society and its members discharge the co-operative responsibilities enjoined on them by the by-laws accepted by then at the time of starting the enterprise, but also that the society receives all the assistance it is entitled to under the law in matters like financing credit, raw materials, technical know-how marketing, etc.

In the context of the responsibilities developing on the co-operative Department specially under the five year plans, the balance of advantage would seem to lie in keeping the service of a registrar from the I.A.S. cadre.

Before an I.A.S. officer is selected for the Registrar's post it is necessary to see whether he is temperamentally in tune with the aims and objects of the movement. The aptitude for understanding the features of different types of business activity and for being effective in the building up relations with non-officials is also an essential

qualification that should be possessed by him.

There is no better way of testing the suitability of I.A.S. officers than by having a number of them taken through the mill of the co-operative Department in the same way as they are taken through postings in districts and in the secretariat.

Equipping a number of I.A.S. officers with co-operative experience will take time even if the State Government begin implementing the above recommendation without any delay. Meanwhile, some ad hoc arrangements will be necessary. Well before the present incumbent of the post of Registrar is due to be transferred to some other post arrangements should be made to appoint another I.A.S. officer of the requisite seniority as Additional Registrar or Joint Registrar. Such an officer should get training for a period of at least one and half to 2 years before the steps into the post of the registrar.

In some states, I.A.S. officers who are posted of the co-operative department as additional or Joint registrars do not get special pay which they would have got if they joined some other departments or one of the secretariate departments. Such disincentives wherever they exist should be removed.

If in any State the present incumbent to the post of the registrar is due to complete his tenure shortly and it is found that there is no I.A.S. officer available who has had prior training in the co-operative Department the State Government should make a selection from among senior officers of the co-operative Department. If an officer with the requisite experience and competence is not available the alternative course will be to extend the term of the present incumbent until a suitable I.A.S. officer is available.

While departmental officers should be eligible for being posted as Registrars it may be an advantage if they are recommended for being appointed to the I.A.S. Their inclusion in the I.A.S. will not only confer on them the status required to carry out effectively such functions as involve contact with other departments of government but also enable them after their promotion to the I.A.S. to get experience outside the Co-operative Department and thus widen their outlook before they get appointed as Registrars.

The co-operative department's share in the promotion quota in the I.A.S. cadre should be at least proportionate to its relative strength in class I officers and above (permanent as well as temporary) as compared to the total of such posts in all the state services which are at present considered at the time of filling the promotion quota in the I.A.S.

For the discharge of the very exacting and onerous duties to be performed by the registrar, the officer appointed to the position should be one who has at least twelve year's standing in the I.A.S., including about

two years in the Cooperative department. (This would not easily to co-operative departmental officers who are absorbed in T.L.S.).

If the post of the registrar is to attract the right type of officers and if the registrar to be effective in his dealing with other development department, his status should in no case, be lower than that of any of the heads of other development departments. In most states, the heads of major development departments are likely to rank equal or nearly or equal to secretaries to Government. Where such is the case, it is recommended (i) that in the states where the posts of secretaries to government are not super time scale posts, the status of the Registrar should be equated to that of a secretary to Government and (ii) that he should not rank lower than any other head of a development department.

In states where the co-operative movement has attained wide ramifications covering many aspects of economic activity, it would be an advantage if the post of the Registrar is elevated to the status of a commissioner.

In order to ensure continuity in the functioning of the cooperative department the status of the post of Registrar should be so fixed that the likelihood of frequent upward transfers is obviated to a large extent. Even where such transfers would be otherwise unavoidable, these could be avoided by resorting to the expedient of the temporary upgrading of the Registrar's post.

An officer once appointed as Registrar and found suitable should remain in the post for not less than 3 years and, preferably, for a period of 4 to 5 years. This period will be exclusive of the qualifying period of training or understudy.

### Structure of Co-operative Department

The functional advisers of the registrar at headquarters should be officers of the status of Joint Registrars.

Irrespective of the size of a state, there should be Joint Registrar each for (i) audit, (ii) banking and credit, (iii) co-operative marketing and processing of agricultural produce, and (iv) industrial co-operatives. For the somewhat difficult programmes like (v) co-operative stores there may have to be one joint registrar each as recommended by the Ministry of community development and co-operation. In states where the sector of cooperative processing has developed or is likely to develop to a significant extent, it may be necessary to have a separate cost of joint registrar to deal with that subject.

So far as technical expertise is concerned it would be impractical to provide for it wholly within the Co-operative Department. The services of persons required, therefore, should be obtained on loan from the departments concerned. They should function purely as

technical consultants within their limited fields, assisting the functional advisers concerned and the field staff wherever necessary.

In states where divisioned offices of revenue department have been established, divisional offices of the cooperative Department should also be created with identical jurisdiction. In other states such officers may be considered only if : (i) other development department have found it necessary to have a divisional office in the cooperative department would to a significant extent (a) facilitate the work of administrative supervision over district offices and (b) provide to the public in the districts a more accessible recourse for dealing with cooperative matters than the headquarters of the Registrar. In such States, the Jurisdiction of the divisional offices may be so demarcated that each divisional office as a charge of about 5,000 societies.

The following functions can conveniently be delegated to divisional offices :

#### Administrative

(i) Supervision and control over district offices; inspection of the offices at least once a year;

(ii) Approval of tour programmes and scrutiny of tour diaries of district officers;

(iii) Inspection of a few primary, district and regional societies at frequent intervals to gain first hand knowledge of societies and generally to guide the work of district and lower officers;

(iv) Annual inspection of societies in the division having jurisdiction exceeding one district.

(v) Appointment and transfer of prescribed categories of non-gazetted staff.

(vi) Grant of casual leave to district officers.

#### Financial

(i) Exercise of financial control over the expenditure in the district offices in the division.

(ii) Sanction upto prescribed limits of ordinary non-recurring contingent expenditure.

#### Statutory

(i) Exercise of all powers of the Registrar under the co-operative Societies Act except those reserved for being exercised by only the Registrar.

(ii) Hearing of appeals against the decisions of district or lower officers.

In certain circumstances and within certain limits it may be possible to delegate to the divisional officers some of the powers of the Registrar pertaining to sanctioning of financial assistance to co-operatives under various plan schemes.

The status of the officer posted in the divisional office will have to be higher than that of the highest officers of the Co-operative Department in the Districts.

Whether this should be equal to that of the functional specialist at the head-quarters or should constitute a somewhat lower level in the administrative hierarchy in between the highest level of district officers and the level of the Joint Registrar, is a matter which may be examined by each State with reference to its conditions.

For the discharge of the functions which have been suggested, the divisional officer should be given the assistance of a gazetted officer with the necessary ministerial staff.

It would be an advantage to have an officer who could represent the co-operative Department so far as the district as a whole is concerned in its dealings with other departments of Government at the district level as also with federal and district level co-operative institutions. This officer should be also incharge of one of the circles in the district in addition to keeping himself in touch with the work of the other circle officer or officers. It may be desirable to make the post of this co-ordinating officer a Class I post as against the Class II status of the circle officer.

In districts comprising more than one circle and where there is a sufficiently large number of particular type of co-operative societies e.g. industrial co-operatives it may be possible to entrust the latter on a functional basis to one of the circle officers under the co-ordinating officer.

The officer in charge of a circle should given the assistance of at least two Inspectors of the senior category.

The recommendations relating to the structure of the Co-operative Department will entail the creation of a Co-operative service in the gazetted rank with four levels viz. Assistant Registrar Class II; District Registrar Class I; Deputy Registrar Class I, Higher Grade and Joint Registrar Class I, Selection Grade or super time scale.

Below the circle officer, there should be two tiers of field staff designated as Inspectors Grade I and Inspectors Grade II. Where supervision over primary societies is with the Department, the 'Supervisor' would constitute the third level in the non-gazetted service, being slightly lower in status and emoluments than the Inspector Grade II.

In assessing the requirements for sale officers, the needs of each area with reference to the quantum of work involved will have to be worked out and necessary staff provided. It would be an advantage to borrow for this purpose staff from the Revenue Department.

For speedy disposal of liquidations work, the Department should maintain separate staff for the purpose at the rate of one Inspector Grade I for 20 societies under liquidation or for every Rs. 5 lakhs of liabilities to be discharged by societies under liquidation.

The delegation of statutory powers to officers at different levels should be on a rational basis, the importance and extent of powers delegated to officers at lower levels being in conformity with the responsibilities which they carry in the departmental administration. The following power should necessarily be retained by the Registrar himself: (a) the power to direct amendments to by-laws by general or special order; (b) to supersede committees of societies; (c) to sanction the institution of any prosecutions under the Act; (d) to levy surcharge; and (e) to order liquidation of district level and higher institutions.

In States where there is no provision in the Co-operative Societies Act for the Registrar to undertake inspection of a co-operative society on his own motion, action may be initiated to get the Act suitably amended.

### Division of Departmental Machinery

At the stage of formulation of a scheme of Co-operative endeavour in whatever may be the field of activity, proposals can better be dealt with in the headquarters of the Co-operative Department in active collaboration with the top level consultants of the technical department concerned. These would include the optimum scale of operations, and the working out of the pattern of financial assistance from Government and the financing institutions.

After co-operatives have been established in any line, the continual attention they need has to be provided both by the Co-operative Department and the technical department concerned. Theoretically, it matters little which department is held to be in charge provided both render their allotted services. The Co-operative Department provides certain essential services which are common to all types of societies. The services are to be rendered by the technical departments are not in their regular line and have to be organized for the sake of the Co-operatives through staff appointed specially for the purpose. On balance, therefore, it would ordinarily be an advantage to keep the administrative charge of Co-operative enterprises of all kinds with the Co-operative Department, with responsibility enjoyed on the special wings of the technical departments to provide the Co-operatives with such of the services as they are best fitted to render.

Division of administrative machinery of control over the working of special groups of societies should be exceptional. It is only in the following circumstances that such division may be considered: (i) the special group of societies constitutes an important sector of the movement in a State and Co-operative Department would find it difficult to supervise and develop it effectively; (ii) the working of these societies involves techniques and skills, guidance and direction in respect of

which cannot be provided satisfactorily by the Co-operative Department without building up a staff some special kind of assistance which the Co-operative Department may not find it easy to render; and (iv) there are satisfactory arrangements for the provision of credit for these societies under the Plan schemes or from other sources.

When any Department other than the Co-operative Department is placed in charge of any specific group of societies, it should arrange to borrow officers from the Co-operative Department to supervise the societies in the field and to advise the technical officers at the headquarters about the co-operative aspects of their working.

Where it is decided to take out of the purview 113 of the Co-operative Department, for purposes of administrative control, a specific group of societies, there should be no bifurcation of the audit machinery and audit should continue to remain unified for all types of societies under the overall control of the Registrar.

When a certain group of societies has been transferred from the co-operative Department to another department and the latter decides to give training in co-operation to its officials, it need not organise separate arrangements for that purpose but should make use of the existing co-operative training institutions.

Societies which are under the administrative control of functional departments should not be treated as having been cut off from assistances from co-operative banks. It should become the duty of the Co-operative Department to act in co-ordination with the functional departments and to make sure that no discrimination is shown by co-operative banks.

Where co-operative societies in a State are in charge of more than one department, the Registrar should be consulted in matters of overall co-operative policy. When proposals for extension of the scope of work or for new developments or for changes in structure are to be considered, there should be, invariably, preliminary consultation with the Registrar. He should also be consulted about proposals connected with prosecutions under the co-operative law, with the registration of societies that have adopted by-laws different from model by-laws, with important amendments of by-laws, with interpretation of by-laws and similar matters. It may also be provided that in case of difference of opinion between the Registrar and the head of the functional department on any point, the matter may be referred to representatives of Government for final decision.

For better co-ordination, the system obtaining in some States of having committee at different levels of development departments is favoured. In this connexion, the recommendation of the Second Working Group for the constitution of a committee at the secretarial level is endorsed.

## Audit

The objectivity of, co-operative audit can be ensured by having within the Co-operative Department a separate wing exclusively for the purpose of audit, under a Chief Auditor who would be of the rank of Joint Registrar. The feeling of Independence is ensured by avoiding a mixing up of functions and by providing a separate line of command for audit below the Registrar. The advantage of this arrangement is that while it can ensure independence of audit, it also makes it possible for the audit staff to consist of persons with the right background.

In order to ensure that the staff entrusted with audit have a Co-operative background, the audit wing of the Co-operative Department should be manned by personnel who have had opportunities of working on the general side of the department and thus of developing within themselves the appropriate outlook in relation to the working of co-operatives.

The retention of audit with the Registrar has the advantage that on the basis of audit carried out by persons who have not only the professional competence but also the requisite orientation, he can keep himself in close touch with the movement. This aspect would assume more and more importance as supervision over

societies gradually gets transferred to federal organisations.

In Uttar Pradesh, the only State where the control of audit is not with the Registrar, the position may be re-examined early.

Within the Co-operative Department there should be a separate audit wing whose duties pertain exclusively to audit wing whose personnel do not have take orders from the general side. This can be achieved by keeping the audit organization under a Chief Auditor of the rank and status of a Joint Registrar, who will be subordinate only to the Registrar. The officer should be assisted by adequate staff at the district and lower levels.

So far as the non-gazetted staff of the Department is concerned, there should be interchangeability of staff between the general and the audit sides. As regards the gazetted staff, it would perhaps be an advantage to maintain two distinct cadres, with the proviso, however, that every officer in the audit cadre should be made to work in the gazetted posts of the general side for a period of at least three years.

The minimum scale that should be adopted for appointment of staff for audit of primary societies should be as under :

Type of societies	No. of Societies per auditor	Category of staff to be entrusted with audit
<b>Credit Societies</b>		
<b>(a) Agricultural</b>		
(i) Primary credit societies (small-sized)	40	Junior Auditor
(ii) Large-sized credit societies and credit unions	15	Senior Auditor
(iii) Primary land mortgage banks	25	Senior Auditor
<b>(b) Non-Agriculture</b>		
(i) Employees credit societies and Urban banks	25	Senior Auditor
(ii) Other types e.g. artisans, fishermen, etc.	40	Junior Auditor
<b>Non-Credit Societies</b>		
(i) Primary consumer's stores	15	Senior Auditor
(ii) Primary marketing societies	15	Senior Auditor/ Junior Auditor*
(iii) Primary weavers' societies		
(iv) Milk supply societies	20	Senior Auditor
(v) Fishermen's societies		
(vi) Farming societies		
(vii) Housing societies		
(viii) Industrial societies other than weavers	40	Junior Auditor
(ix) Miscellaneous societies		
Societies under liquidation		

\*The work should be allotted depending upon the nature of transactions of the society. Where the transactions are not considerable a Junior Auditor may be entrusted with the work.

The categories of Junior and Senior Auditors mentioned above should correspond to the Grade I and II Inspectors.

In allotting societies to each auditor, care will have to be taken to see that he has to traverse as compact an area as possible. As this would involve the audit of more than one type of society, the actual number of societies that will have to be entrusted to an auditor will have to be worked out by giving appropriate weightage to the different types of societies to be audited in accordance with their relative workloads as emerging from the norms indicated earlier. There is no objection to the developing of auditors in a district in such a way that certain auditors are entrusted with one type of societies, provided this is feasible without unduly transgressing the principle that the geographical area to be covered by an auditor is kept to the minimum possible.

The Co-operative Department may undertake from time to time to test audit of some of the institutions that are audited by chartered accountants where such a practice has been introduced, so as to satisfy itself that the audit has been properly done.

The audit of a society should be entrusted to only those auditors who have had at least two years initial experience on the general side i.e. in the matter of reorganization supervision and inspection of societies.

In respect of societies having departmental officers as their chief executive officers, care should be taken to see that audit of such societies is not entrusted to auditors of a rank lower than that of the deputed departmental officer. Alternatively, audit of such societies should be entrusted to qualified chartered accountants.

Ordinarily, no society should be made to pay a fee for departmental audit during the first few years of its existence. This period should be fixed according to types of societies having regard to the circumstances in each State. In regard to societies which cater to classes which are economically backward, fees should not be charged if the societies are in loss. Subject to the above, the scale of fees should be so fixed that generally a society does not have to pay as audit fee an amount exceeding the actual cost incurred by the Department or what a professional auditor would have charged, whichever amount is lower.

The Chief Auditor of the Department should preferably be drawn from within the Department. If for special reasons, an officer has to be appointed either from other departments or from outside, he should give the necessary orientation in co-operation before placing him in charge of the work.

At the district level, there should be for each district a District Co-operative Audit Officer of the same rank and status as an officer incharge of a circle on the general side. Where a district is small, it may be joined to

the charge of the District Co-operative Audit Officer of a neighbouring district.

The District Audit Officer need not be under the control of the divisional officer on the general side. Where the number of District Audit Officers is large, the State Government may consider whether it is necessary to place under the Chief Auditor at head quarters or at divisional level gazetted officers of the rank and status of Class I Officers to supervise the work of District Audit Officers and also to conduct the audit of federal and other large institutions.

The District Audit Officer should undertake the test audit of a few societies that are audited by Senior Auditors. Similarly, Senior Auditors attached to the district offices should take up the test audit of a few societies whose accounts have been audited by Junior Auditors. The system of test audit may be introduced wherever it is not in vogue.

### Supervision

It is necessary that in all States, not only should the functions of a supervisor be defined clearly, but measure should also be taken to see that the supervisor effectively discharges all the functions entrusted to him.

The central banks are the appropriate agencies to assume responsibility for supervision of Primary credit societies. Where the responsibility of supervision is not with the central financing agencies, there should be a phased programme for transferring the responsibility to them.

Ultimately the supervision of societies other than primary credit societies should get transferred to appropriate federal agencies. Until, however, systematic arrangements for supervision are made within the co-operative sector, supervision has to remain the direct responsibility of the Co-operative Department.

Officials of the status of Inspectors Grade I may be allotted for work relating to marketing societies, consumers' stores, weavers and other types of industrial societies with have undertaken production activities, farming societies and housing societies. The remaining types of societies may be supervised by Inspectors Grade II.

In the development of Supervisors/Inspectors care will have to be taken to see that each supervisor has to cover as compact an area as possible. As this would naturally involve the supervision of more than one type of society, the actual number of societies to be allotted to a supervisor will have to be determined by giving appropriate weightage to the different types of societies to be supervised in accordance with their relative work-loads as emerging from the norms indicated above.



Taking all relevant factors into account, the following norms are recommended for appointment of supervisory staff :

Type of societies	Name of societies per Super- visor/ Inspector
<b>Credit societies</b>	
(a) <b>Agricultural</b>	
(i) Primary credit societies (small-sized)	25
(ii) Large-sized credit societies and credit unions.	12
(b) <b>Non-agricultural</b>	
(i) Employees-credit societies and Urban banks.	15
(ii) Other types e.g. artisans, Fishermen etc.	25
<b>Non-Credit societies</b>	
(i) Primary consumers' stores	12
(ii) Primary marketing societies	12
(iii) Primary weavers' societies	10
(iv) Milk supply societies	15
(v) Fishermen's societies	15
(vi) Farming societies	10
(vii) Housing societies	20
(viii) Industrial societies other than weavers	10
(ix) Miscellaneous societies	20

For district federations, big processing units, wholesale stores, insurance societies, etc., additional staff would have to be provided to ensure effective supervision. It would be desirable for the circle or district officer concerned or a higher officer to conduct the inspection of such societies at least once a year. For purposes of supervision the State federation, sugar factories, spinning mills, etc. should be under the direct charge of a Joint Registrar.

Where central financing agencies are already responsible for supervision over agricultural credit societies, the present pattern of assistance on a tapering scale should continue to be extended for appointment of additional supervisory staff. Where supervision which has remained so far with the Co-operative Department is proposed to be transferred to central banks. The State Government should subsidise the cost of supervisory staff to the full extent in the first year, to the extent of 75 per cent in

the second year and 50 per cent in the third year. Assistance to the extent of 50 per cent of the total cost should continue for a period of five years thereafter. Whether or not assistance should be continued and if so, to what extent, may be reviewed at the end of the Fourth Plan.

#### Loaning Of Departmental Staff

For co-operative institutions to borrow the services of departmental staff as a regular arrangement is not healthy and detracts from their autonomous character. To secure services of Government officials on deputation should be an exception rather than the rule. Extensive use of an expeditious like that under F.R. 127 in Andhra Pradesh and Madras should be discouraged and where necessary, the services of Government officials should be lent to co-operative institutions only on the normal deputation terms.

If the board of directors of any society decides to ask for the services of a Government official on deputation, then the proper course would be for it request the Registrar to send it a panel of names of suitable Government officials along with their character rolls ; the selection should be made by the board of directors of the society itself. During the period of such deputation, the president of the board of directors of the society should be entitled to enter in the confidential file of the Government official remarks regarding his conduct and work. The board of directors should also be entitled to recommend disciplinary action against the Government official concerned, if after following the prescribed formalities it comes to the conclusion that he has been remiss in the performance of his duties.

In many States, in the present stage of development of the movement, the number of institutions that will be served by a particular cadre, the uneven size and business of the institutions and the uncertainty of the broads of such institutions being attracted to the idea of a cadre, it may be premature to think in terms of 'cadres' of personnel to cater to different types of institutions such as central financing agencies, primary marketing societies, primary land mortgage banks, etc.

In a few States, the Co-operative Department has prescribed minimum qualifications that should be satisfied by the staff of co-operative institutions and these and other service conditions have been incorporated in the by-laws of the societies. This should ensure that the cooperative institutions are manned by qualified persons, besides providing some security and permanence of service to the employees. In States where this has not been done, the Cooperative Department may, in consultation with the appropriate federal organizations, lay down the qualifications, etc. that should govern the appointment of staff in different types of co-operative institutions.

The federal organizations should assume responsibilities to ensure that their affiliated organizations are manned by adequately qualified and trained staff.

If cadres for co-operative institutions cannot be created for the reasons mentioned earlier, the services of departmental officers may have to be lent to co-operative institutions in certain circumstances, until federal organizations are able to provide the necessary personnel or extend support as suggested above. While deputing staff care should be taken to see that the normal work of the Department is not affected in any manner.

### Recruitment And Training

Even though technical qualifications are not a prerequisite of recruitment into the Co-operative Department, a fairly high degree of intellectual equipment is essential in the staff to be recruited for the Co-operative Department. In order that such persons are attracted to the Department, the Co-operative Service should not only comprise levels indicated in Chapter IV but also provide for status, pay scales, special pays and other benefits at the various levels, which are not lower than those enjoyed by their counter parts in other development departments in the State.

The State Governments may re-examine the existing pay scales of staff at different levels of the Co-operative Department in the light of the responsibilities attaching to them advise them in such a way as would attract to the department the type of personnel that it needs.

As the posts of Joint Registrars carry considerable responsibility and officers holding them are expected to advise the Registrar and control and guide the work of divisional and district officers, only those officers should be considered for promotion as Joint Registrar who have put in at least five years in the higher grade of Class I (divisional officers) or ten years in Class I (officers in charge of districts), or an equivalent combination of both.

Where the post of the divisional officer should be held by an officer who has had at least four years' experience in Class I (i.e. the level of officers in charge of whole districts) or ten years' experience in Class II or an equivalent combination of both. Direct recruitment of officers to fill the posts of divisional officers is not recommended.

The post of the officer in charge of a district should be held by an officer who has served at least for three years as circle officer (i.e. Class II) and has acquired experience in the administration of societies.

In regard to the appointment to the posts of circle officers (Assistant Registrars), it would be desirable to reserve fifty per cent of the posts for direct recruitment should be on the basis of a competitive examination which may be held in common with other services as

well. For appointments to the co-operative service, some weightage may be given during the Viva Voce test to candidates who hold degrees in co-operation, economics, commerce, agriculture or statistics. A diploma in co-operation in addition to a degree in some other subject should also entitle a candidate to a similar weightage.

For promotion to the posts of circle officers (Assistant Registrars) a minimum period of five years of field experience at the level equivalent to Grade I Inspector or Senior Auditor should be prescribed so as to ensure the requisite experience.

Recruitment to the posts in higher level of non-gazetted staff file. Inspectors Grade I, need not be direct. These posts should be filled by promotion of suitable persons from the rank of Inspectors Grade II or Junior Auditors with a prescribed minimum period of experience. At the lower level (i.e. Inspector Grade II) seventy five per cent of the posts may be filled by direct recruitment on the basis of a competitive examination. The minimum qualification at this level should be a university degrees. The scale of pay should be such as would attract graduates at this level. The remaining twenty-five per cent of the posts may be filled by selecting suitable employees of Co-operative institutions (supervisors of central Banks, secretaries of large-sized societies etc.) and supervisors and ministerial staff of the Co-operative Department.

As the various plan programmes are drawn up sufficiently in advance, it should be possible for the Co-operative Departments to assess the requirements of staff one year in advance and to take steps to have the necessary staff sanctioned ; recruited and trained.

The question of creating an All-India Co-operatives Service should be kept open, and a final decision taken only after detailed examination in the light of the situation that will emerge after the proposal to constitute an All-India agricultural Service is finally disposed of.

Any expansion of the Department without adequate arrangements for the training of the staff at different levels is not conducive to sound co-operative administration audit and supervision. As the programme of recruitment and training should go hand in hand, the State Governments should provide for a 'training reserve' while making recruitment so that the staff appointed get trained soon after appointment and in any case before they are put on the field. Five per cent at each of the lowest levels gazetted and non-gazetted ranks is suggested this purpose.

In the context of the rapid growth of the movement in different directions, it is necessary that officers of the Department at different levels should go through a refresher or re-orientation course once in 5-7 years. Such refresher courses should also include visits to

well-developed institutions in the traditional and new fields of activity and to other states, if feasible. Apart from these refresher courses it may be useful for the Co-operative Department to convene seminars at which officers of the Department could meet and discuss the common problems that they face in their day-to-day work.

In the light of the programmes drawn up for organising institutions in the special fields of co-operative activity, the co-operative Department will have to estimate its requirements of staff to be put in charge of these activities and make suitable arrangements with the National and State Co-operative Unions to provide the necessary training facilities.

As the staff of the co-operative Department have to be conversant with the problems and difficulties faced by co-operative institutions and of how they can best be met under a certain set of circumstances, it would be conducive to the efficiency of the staff if they are given practical training before they are called upon to take charge of responsible duties. The directly recruited Assistant Registrars may be given one year's field training besides going through the Intermediate Officers' Training Course. At the level of intermediate officers, the period may be six months, besides the above theoretical training course. For Junior officers, the period may be fixed at three months besides the basic training course. For junior officers, the period may be fixed at three months besides the basic training course at a Junior School. During the period they undergo of different functions so that they acquire a general idea of the various functions of the Co-operative Department.

The possibilities of providing experience in other department of Government to co-operative departmental officers may be explored.

Deputation of co-operative departmental officers on a tenure basis to the Ministry of Community Development and Co-operation and other national institutions viz. the National co-operative Development Corporation and the Reserve Bank of India, will help to widen their experience. A regular programme of inter-state study can also be usefully arranged for the benefit of the officers.

It would be advantageous to depute one Class officer at a time to the Secretariat Department for a short period to get trained in the methods, procedures etc., followed by the Secretariat Department dealing with Co-operation.

#### **Federal Agencies—Transfer Of Duties Functions And Powers**

The State Governments should promote the formation of federal bodies where they are not in existence, review the working of existing federal institutions char-

ged with certain functions (e.g. supervision, training) and consider early the questions of transferring to them some of the statutory powers of the Registrar. For enabling State Governments to do so in areas where the conditions are favourable, the Co-operative Societies Act should be amended suitably to provide for the transfer of powers to federal organizations.

#### **Democratic Decentralization And Co-Operative Administration**

It is necessary to ensure that extraneous forces, political or otherwise, not allowed to influence the working of co-operatives, which are essentially business organizations. Care should be taken to see that their efficiency and soundness are not impaired and that their autonomy is safeguarded. Moreover, any transfer of powers to panchayati raj institutions will dilute the responsibility of the Co-operative Department and will impede progress towards the transfer of authority to federal agencies which will make the movement self-disciplined and self regulatory.

Panchayati Raj organizations should interest themselves in such items as promotion, development and planning i.e. drawing up proposals for the registration of new societies, the expansion of membership in existing societies the revitalization of weak institutions, the preparation of production plans, the planning of the general programmes for the supply of credit seeds, fertilizers and other requisites. The Co-operative extension staff should be utilized to attend to these items. Where supervision over primary societies is the responsibility of the Co-operative Department, the Co-operative extension officer should be available for the purpose.

As regards control over the staff deputed to Zila Parishads and/or Panchayat Samitis, there should be a clear understanding between the district officer of the co-operative Department and the Chief Executive Officer of the Panchayat Samiti. While the latter may continue to have administrative control over the extension staff in keeping with the general pattern of administration under the decentralized set-up, it should be made obligatory on him to carry out with the help of the extension staff the instructions of the officer of the Co-operative Department at the district level.

The Co-operative Department should have full powers of transferring the staff allotted to the Panchayati Raj organizations in order to ensure that every member of the staff has at least two years' experience on the general side before being entrusted with audit work.

#### **Conclusion**

It must be ensured that the statutory duties like audit, inspection, arbitration and liquidation, rectification of defects and prompt action to remove irregulari-

ties do not get neglected.

The recommendations made in the Report in regard to the staff to be maintained at different levels represent the minimum strength that the Department should have if it has to fulfil the role assigned to it in the planned development of the country. The actual strength of the staff in a State will, however, be determined by the numerical size, the volume of operations, the types of activities covered and other local conditions such as means of communication, etc.

Any increase in the size of the Co-operative Department should not lead to any interference in the day-to-day working of co-operative institutions such as would adversely affect their freedom and autonomy.

The administration of the Co-operative Department becomes less difficult and can be carried on successfully even with a limited staff where there is a large body of non-official workers, who take interest in and give their attention to the building up of the movement.

## STEADY TEAM ON PROHIBITION, 1963 - REPORT

Delhi, Manager of Publications, 1964 II, 548p.

Chairman : Justice Tek Chand.

Members : Shri R. S. Krishnaswami (replaced by Shri L. M. Shrikant); Dr. A. M. Khusro.

Secretary : Shri S. Narayanaswamy.

### APPOINTMENT

The Government of India recently reviewed the position in consultation with the State Governments and decided that the working of the Prohibition programme should be studied for the country as a whole. Such a study will cover problems connected with the enforcement of Prohibition and Excise Laws, measures intended to reduce illicit traffic in liquor, improving administrative efficiency and securing to the maximum extent public support for the programme through the Co-operation of both official and non-official agencies. So the Planning Commission constituted the Study Team on Prohibition vide their Resolution No. 16(5)/63-PUB., dated April 29, 1963.

### TERMS OF REFERENCE

(i) To make an assessment of the magnitude of illicit distillation and illicit sale and other abuses prevalent in both wet and dry areas.

(ii) To suggest practical measures for reducing illicit traffic in liquor and combating other abuses and malpractices.

(iii) To advise as to how better implementation of the Prohibition Programme could be ensured through official and non-official agencies.

(iv) To examine the existing legislations on Prohibition and make suggestions for removing defects and for securing effective enforcement.

(v) To examine the existing administrative set-up in

the States with particular regard to the personnel, their recruitment, their training, the powers entrusted to them in their methods of work.

(vi) To make suggestions for securing to the maximum extent the cooperation of voluntary organisations in the implementation of the programme and mobilization of people in support of Prohibition.

(vii) To study the financial aspects of the Prohibition Programme, both in regard to the actual loss in excise revenue and the cost of enforcement.

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#### Part one : Section One: Introductory:

Introduction; Terms and Phrases; Dry and Wet Regions and Prevailing Proof Strengths;

#### Section Two: Drinking In Ancient Societies & Modern International Experience :

Drinking in Ancient Societies with Particular Reference to India; History of Temperance and Prohibition in America; Experiment in Liquor Control in Scandinavian and other countries.

#### Section Three : Basic Considerations About Alcohol And Its Detection :

Alcohol Raises Several Problems ; Alcoholism ; Alcohol and the Armed Forces; The Drinking Driver and the Mechanist; Alcohol and Medical Science; Action of Alcohol and Detection of Intoxication; The Appliances for Determining Alcoholic Content ;

#### Section Four: Illicit Activity In Relation To Liquor :

The Problem of Illicit Distillation and Illicit Tapping;

The Problem of Smuggling; Bootlegging and Gangsterism; Racketeering, Craft and Corruption; Impact of Drinking by the World of Fashion and Officials; Diversion and Misuse of Duty-free Imported Liquor Intended for Embassies and Missions in India; The Problem of Toddy and Neera; Misuse of Spirituous, Medicinal, Toilet and Other Preparations; Prevention of Misuse of Molasses; The Control of other Raw materials; The Relative Success of Prohibition in Gujarat and Madras; The Attitude of West States towards Liquor Revenue; Liquor Strength reduced to Increase consumption;

#### Section Five : Economic and Financial Analysis

The nature and Pattern of Drinking in India ; The Magnitude of Illicit Distillation and the Drinking Bill ; Financial Losses and Gains;

#### Section Six : Implementation of Prohibition Policy

The Nature of Remedies ; Problems of Law Enforcement ; Law and Liquor ; Public Opinion and Human Nature—Some Misconceptions ; Role of the Press ; Prohibition through Mass Education and Publicity ; The Role of Voluntary Organisations ; Administrative set up ; The Economics of Intoxicating Liquor in Wet Areas ; Policy for Wet Areas ; Foreign Visitors and Prohibition ; The Basis of Permit System for Hard Liquors ; The Economic Containment of Illicit Distillation—Case for Mild Liquors ; Case for Liberalization of Toddy ; A Critique of the Recent Liquor Policy Announced in Maharashtra ; Conclusions ; Summary ; Summary of Recommendations.

### RECOMMENDATIONS

#### Alcohol Raises Several Problems

False value attached to liquor as worry-dissolvent is to be counteracted by widespread knowledge of its deleterious effects on the individual and the society.

Social censure of inebriety by the community is desirable.

#### Alcoholism

A modern treatment of alcoholism is to be developed by means of sensitisation therapy by using drugs, like disulfirama, Orinase and Diabinese under medical supervision.

Adjunctive therapies should be tried to build up euphoria by using Adrenal steroids and Adrenocorticotrophic hormone along with vitamins under medical advice.

A programme of treating alcoholics in institutions may be drawn up.

Alcoholics should be encouraged to receive guidance from Alcoholics Anonymous.

Public education on alcoholism will forewarn its likely victims as to what is in store for them if they cannot curb their desire for liquor.

#### Alcohol and the Armed Forces

A special study may be made on the alcoholic ravages vis-a-vis armed forces, particularly on its harmful effects on sight, hearing, sense of smell, accurate thinking, quick decisions, prolonged endurance, steady nerves and on ability to fix attention.

In no case should army personnel be permitted to consume alcoholic beverages from contraband sources.

#### The Drinking Driver and the Machinist

A complete ban should be imposed on drinking by the driver while in charge of an automobile and on the machinist who is required to operate dangerous or delicate machines.

(ii) Law should raise an irrebutable presumption that a person in whose system the blood alcohol content is 0.05% or above, is under the influence of liquor.

There should be no liquor shops along frequented roads. There should be a dry belt of 5 to 10 miles width on each side of the highways.

All pilots in charge of aircraft, before flying, should be subject to compulsory Alcometer test.

A driver whose blood alcohol is 0.05% or more should be deprived of driving privilege for a year even if there has been no accident, besides a suitable deterrent sentence on conviction.

Intensive educational campaign against the hazards of drinking while driving should be carried on through different media of communication.

#### Alcohol and Medical Science

The widespread misconception as to the stimulating effects or curative properties of alcohol should be removed by disseminating the views of eminent medical authorities and its toll on health and longevity as discovered by medical science should be publicised, as also, that when taken internally it has no therapeutic use.

The leading members of the medical profession should take it upon themselves to inform medical men of the dangers involved in prescribing alcoholic beverages as remedies for ailments.

The demonstrable scientific truths regarding alcoholic harm may be publicised by the physicians as that would help in creating a public opinion in favour of prohibition.

#### Action of Alcohol and Detection of Inebriety

Till appliances for detecting inebriety, like Alcometer,

Drunkometer, etc., are introduced, the test for determining inebriety should be on the basis of a scheme requiring the noting down of history, general behaviour, memory and mental alertness, pulse, temperature, mouth, smell of the breath, eyes, visual acuity, muscle co-ordination, gait, stance, etc.

The standard for determining sobriety should be rigid and receive statutory acceptance. We have suggested 0.05% of alcohol in the blood. It should be mandatory upon the courts to accept this standard.

Over blood tests, urine and breath tests have certain advantages and these should be tried.

#### **The Appliances for Determining Alcoholic Content**

In preference to analysis of blood, the tests by Drunkometer, Alcometer, Intoximeter, Breathalyzer, etc. are recommended, as they have the advantages of simplicity and accuracy.

These tests eliminate delays and also help in exonerating the innocent.

In order that the breath testing appliances should win acceptance by the courts and the community, their working should be generally demonstrated and explained to law enforcement officers, to the members of the bench and bar, to the gatherings of automobile operators, to the members of automobile associations, to the student community and to the press.

#### **The Problem of Illicit Distillation and Illicit Tapping**

##### **The Problem of Smuggling**

##### **Bootlegging and Gangsterism**

As illicit distillation and illicit tapping are widespread and present several problems, their close study by the agents of the enforcement and the public is recommended. We have a similar suggestion in regard to the problem of smuggling.

As smuggling of liquors is intra-state, inter-state and also international, the powers and jurisdiction of the police both in the sending and in the receiving areas should be concurrent to enable pursuit and arrest of smugglers and seizure of their goods across the boundaries of a State.

For chasing illicit distillers and smugglers and for seizing cotraband goods and searching premises and for getting to grips with bootleggers and gangsters, the police should have better equipment in the nature of fast moving transport vehicles and launches, telephone and wireless equipment. Better manoeuvrability and more personnel besides the inebriety selecting appliances mentioned in chapter XIII.

#### **Racketeering, Graft and Corruption**

Greater vigilance is recommended to the government

regarding racketeers and the corrupt government personnel. Closer watch and effective action is needed to counter the influence of the bootlegger in the departments of the Government, in politics and in the society, as they are not only responsible for contravention of the laws but are encouraging general disrespect for law.

As the members of enforcement who are themselves given to drinking cannot enforce dry laws with vigour and determination, in the selection of the enforcement agents, a close screening is necessary for enecking their integrity and personal habits

The activities of the anti-social elements in America during prohibition need being studied as they give a warning of what might happen in this country where the price for corrupting an official is less and hunger for wealth is more, and the menace of wealth-producing crime is likely to impose a heavy strain on administration. No expense should be spared for containing the anti-social elements and for curbing their character-under-mining activities.

#### **Impact of drinking by the world of Fashion and officials**

The convivial drinking by the upper state should be curbed by creating a public opinion whereby it may be considered unfashionable to drink. The drinking youth will desist the moment drink is deposed from the high pedestal of prestige.

Youth is to be prevented from drinking by means of psychotherapy and by driving home to them its harmful effects.

The drinking parents have to abandon double standards and have to be themselves sober in order to stop their children from becoming inebriate.

Half the battle for prohibition will be won if the government servants will stand fast by the dry cause and shed luke-warm attitude. In order that prohibition should succeed. The enforcement should be manned by officials who are teetotallers by conviction.

The present incumbents of Government post who drink may be allowed to do so on permits.

For the new entrants, abstinence from drinking should be a condition of service.

The drinking government servants may not drink or serve drinks in public.

The public men and social works can serve the cause of prohibition better by their example as better sermons have been preached with one's life than with one's lips.

Those who are interested in prohibition have to break the delusive spell of glorification which has been cast by votaries of Bacchus. The alcoholic beverages before they can be banished must be deglamorised.

A strong public opinion along with governmental disapprobation of drinking can contain and curb the leanings of the society people and the officials.

## **Diversion and misuse of duty free imported liquor intended for Embassies and Missions in India**

In order to prevent diversion and misuse on duty free imported liquor intended for embassies and missions in India, the following recommendations are made :

The government may appeal to all the foreign missions explaining that while it is not the intention to impose any restriction on the use of liquor by the mission or their staff, they should assist in restricting import to the absolute minimum necessary.

A suitable procedure for signing/counter-signing the exemption certificate by the head of the mission or any official specially authorised by him be introduced.

The goods may be cleared or delivery taken by some embassy official against the authority issued by the head of the diplomatic mission of the diplomatic officer authorised in this behalf.

Intimation of the receipt of the goods in the embassy premises or by diplomatic officer for his personal consumption may be sent immediately on the receipt to the local excise authority.

The stock of liquor of the mission may be kept under the charge of some responsible officer.

The head of diplomatic missions may request the individual diplomats not to order supply of duty free liquor more than the genuine requirements.

The liquors supplied to missions and other privileged organisations should be contained in distinctive containers or bottles with specially embossed or marked labels possession of such liquor or such containers by a person who is not authorised to import this liquor to be an offence. The burden of proof should be on the accused to show how he acquired such liquor.

Payment of all such liquor may be by official cheques signed either by the head of the mission or by one of its senior officials duly authorised.

## **The Problem of Toddy and Neera**

The neera parlours, especially among the industrial workers given to today should be popularised, by opening in industrial areas, attractively designed neera bars.

Special efforts need being taken to make sure that Neera, which is susceptible to fermentation, stays unfermented or is consumed before fermentation sets in.

The palm industry needs developing on a large scale as it would materially ameliorate the economic conditions of the people.

The Tad Gud and Shilpa centres like the one in Dahanu (Maharashtra State) should be increased with a view to develop large scale potentialities of the industry.

## **Misuse of Spirituous, Medicinal, Toilet and other Preparations**

Quotas of alcohol should be given to the manufac-

turing firms with reference to individual preparations after ascertaining their legitimate needs and not a general quota as at present.

In order to check misuse of spirit based medicinal and toilet preparations, the quantity manufactured should be reduced and the manufacture of certain tinctures which serve no medicinal purpose should be stopped.

There are a number of defects in the Drugs Act and it has to be suitably amended.

The excise staff in the bonded laboratories should consist of qualified chemists and pharmacists.

Only those drugs which are the therapeutically active and are safe for use should be permitted to be manufactured.

A list of tinctures and other spirituous pharmacopoeial preparations which are essential may be drawn up and these alone should bear duty at concessional rate and the rest at a higher rate.

The recommendation of the Central Health Council that tinctures should be manufactured by government only and their total quantity should be fixed, is endorsed.

The Government should consider the production of all classes of spirituous preparations in the public sector as that would guarantee standardisation and purity and prevent misuse.

On the distribution side, the government should control the supply and restrict it to genuine needs.

There should be a quality control over alcohol based on Ayurvedic preparations.

As these preparations contain only self-generated alcohol, their manufacture by the addition of alcohol or by process of distillation should be prohibited. Ayurvedic preparations should be brought under the purview of Drugs etc.

Ayurvedic pharmacopoeia should be prepared. But as this would take time it would be desirable to lay down standards for some of the more common preparations like Asavas, Arishtas, Suras and Sudhas, without avoidable delay.

The manufacture of homoeopathic tinctures should be restricted to bare requirements for bonafide purposes. These preparations should be packed in small containers, preferably. —OZ. phials.

It would be worthwhile investigating whether dilutions can be made by substances other than alcohol. It should be investigated whether all or most of the dilutions can be made by means of lactose instead.

To prevent misuse of denatured spirit, better denaturants than caoutchoucine and pyridine should be employed. There are more than 60 effective denaturants to avoid its misuse as potable liquor.

The manufacturing houses and chemists and druggists

dealing in spirituous preparations should maintain proper records so that persons to whom sales are being made may be traced.

Chloral hydrate should not be allowed to be sold except to bona fide parties guaranteeing utilisation for bonafide use.

We endorse the eleven recommendations which were suggested by the Central prohibition Committee in 1961.

#### **Prevention of misuse of molasses**

In order to prevent premature setting in of fermentation in the molasses by addition of water, covered storage should be provided. The government should insist on the sugar factories providing covered storage and also assist sugar manufacturing co-operative societies.

Proper inspection of factories and constitution of a co-ordinating committee for more efficient utilisation of molasses is recommended.

Molasses produced by khandsari units should be collected at a few centres for use by the distillers and their sale in the open market prevented.

Ways and means should be devised to ensure that the entire quantity of molasses produced is utilised for manufacture of industrial alcohol and the essential industries are not in short supply in consequence of illicit distillers purchasing molasses on payment of high prices.

Any surplus molasses should be exported rather than made available to the illicit distiller.

Rigid control over the distribution of molasses will prevent the prevailing misuse.

#### **Control of Other Raw Materials**

The control of other raw materials which are being used as base material for making liquor is difficult, but a general watch should be kept over sources of misuse.

#### **The Relative Success of Prohibition in Gujarat and Madras**

Prohibition has achieved relative success in Gujarat and Madras, but there are at least five ways resorted to for making liquor available. Which need prevention.

#### **The Attitude of Wet States Towards Liquor Revenue**

The wet states should be induced to give up vice-bred liquor revenue. Lowering of the rate of liquor tax will to some extent reduce the profit of the illicit distiller.

#### **Sales Tax is A More Equitable Substitute For Excise Tax**

#### **Liquor Strength Reduced to Increase Consumption**

The wet states while reducing liquor strength ought not to attempt to increase the sale of liquor in order to raise the revenue by making more people drink.

#### **The Nature and Pattern of Drinking in India**

Very little is being spent on recreation. More money should be given to drinking and the potential drinkers.

#### **The Magnitude of Illicit Distillation and the Drinking Bill**

The dynamics of illicit distillation are compelling and deserve close examination. This is an essential step before effective means are devised to curb it.

Apart from ascertainable cost of drink there has to be taken into consideration the enormous though incalculable cost in terms of broken homes, neglected children, wasted lives, traffic accident, damage to property, etc.

#### **Financial Losses and Gains**

Such decline in excise revenues as will result on the introduction of prohibition in the wet states can be more than offset by the gain to the community by savings made on the drinking bill and also through other taxes.

There is need for an integrated policy to reduce the popular preferences for liquor on the one hand and to conduct an onslaught on illicit distillation on the other.

#### **The Nature of Remedies**

The onslaught of the illicit distillers and smugglers can be more successfully resisted by an all out effort on an integrated basis through several measures; legal, administrative, education and economic.

#### **Problems of Law Enforcement**

The success of social legislation will depend upon the extent of determination with which the law supporting forces can stand against the law defeating forces. The balance can be imposed in favour of the former by propaganda and education.

When honest and sincere attempt is made to enforce a social reform legislations, it does not become futile simply because considerable resistance might be offered at the outset, provided the law has the backing of strong moral consensus.

The law should not be over-strained by making it do the work of the home, the church and the school, as it cannot supply the deficiencies of other agencies of social control.

In order to secure ready enforcement, the principle underlying the law has to be rooted in the habits and customs of men.

Laws contribution is felt only through human agency.



ies which must be honest, earnest and efficient.

Both coercive and educative methods have to be employed, in order to create a favourable social climate. We cannot recommend relinquishment of effort because of occasional or even recurring set backs :

### **Law and Liquor**

#### **Witnesses**

The law should make it incumbent upon certain specified persons to assist the police or other enforcement agency not only by giving information of the commission of the liquor offence but also to assist at the time of raids and search and seizures of excisable articles as contemplated in Sections 44 and 45 of the Code of Criminal Procedure.

Just as there is maintained a list of Jurors-*vide* Sections 321-322 of the Cr. P.C. there should be a similar list of men from the public who may be associated for assisting the enforcement at the time of the raids, searches and seizures. A list of such persons should be maintained for every city, taluka or village.

The accompaniment of witnesses to search and seizure (panch or mahazar witnesses) may be dispensed with where presence is not easily procurable. In such cases, the testimony of the police-men should be considered sufficient for the purpose of conviction if it is otherwise creditable. But such police personnel should be of the rank of Assistant sub-Inspector or above.

#### **Summary Trials**

Offences against Prohibition under the liquor laws should be triable summarily and Section 360 of the Code of Criminal Procedure should be suitably amended.

#### **Non-bailable Offences**

The liquor offences, on the whole, should be made non-bailable with the exception of comparatively minor or technical offences.

#### **Mobile Courts**

Mobile Courts should be provided to try offences under Excise Law.

#### **Judicial Panchayats & Hony. Magistrates**

Judicial Panchayats, wherever they are functioning should be entrusted with disposal of prohibition cases where the offences is comparatively minor. Similarly, the institution of Honorary Magistrates wherever it functions will be useful in disposing of similar prohibition cases.

#### **Providing Minimum Sentences**

In all cases of repetition of offences, there should be provided a minimum sentence of imprisonment and

in more serious cases even the first sentence should be a term of imprisonment besides a fine.

#### **Register of Previous Convicts**

There should be a central office in every State with branches in the district headquarters where lists of persons convicted under various penal Acts including liquor offences are maintained, containing entries giving necessary particulars of their convictions.

#### **Onus on Accused**

Where consumption of an intoxicant is an offence and where it is found that the accused person had consumed liquor and the concentration of alcohol in his blood was not less than 0.05% by volume, then the burden of proof that the consumption of liquor was in circumstances which do not make it an offence, should be on the accused.

#### **Onus as to Jurisdiction**

An amendment in Section 66 (b) of the Bombay Prohibition Act, 1949 is called for and it is suggested that the point in above decision will be met if a subsection were to be added reading as under :—

“In a prosecution under Section 66 (b), for consumption of an intoxicant, it shall be presumed, until the contrary is proved by the accused that he consumed alcohol within the jurisdiction of the court where he was found.”

#### **Destruction of Stills, etc.**

The law should confer a power upon officers of the enforcement of certain rank and above to destroy stills and other paraphernalia without obtaining the permission of the magistrates.

#### **Imposition of Collective Penalties**

Where illicit distillation goes on persistently, the law should provide that after giving warning, such areas may be notified and collective penalties imposed.

#### **Special Taxes**

Where illicit distillation is rampant recourse may be had to provisions of levying special taxes which may be enacted in the State laws.

#### **Removal And Exclusion From Certain Areas**

On the analogy of Section 57 (C) of the Bombay Police Act 1951, power should vest in the District Magistrate or some other authority in the district, of directing a person who has been convicted of violating prohibition laws to remove himself outside the area for a specified period within the local limits of his jurisdiction and not to enter or to return to the area, if there is reason to

believe that such a person is likely again to engage himself in the commission of an offence, similar to that for which he was convicted.

### Execution Of Bonds For Good Behaviour

Where a magistrate receives information that any person habitually commits, or attempts to commit or abets the commission of an offence of import, export, transport, manufacture, etc. of intoxicants or possesses them illegally, he may require such a person to show cause as to why he should not be ordered to execute a bond with sureties for his good behaviour for a period not exceeding three years.

### Forfeiture Of Real Property

In the case of breach of liquor laws, even immoveable property which is being used for that purpose can be forfeited.

In view of extreme severity we hesitate to recommend adoption of such a drastic measure except perhaps in cases of incorrigible offenders who cannot otherwise be deterred.

### Electoral Disqualification

In case a person has been convicted under liquor offences, he should be disqualified either to contest election or to be nominated for membership of panchayat, samiti, parishad, Legislative Assembly, Legislative Council, Lok Sabha, Rajya Sabha or hold any other electoral office.

If a person has been convicted during the period when he is the member of above said bodies, he should cease to hold such an office. The disqualification in such cases should exist for a period of five years, from the date of conviction.

### Government Servants

Government servants, village officers, lambardars, Zaildar, Sufaidposh, Patels, Karnams, Talaiyaris or by whatever name they are called in any part of the country may be made liable to removal on being found guilty of such offences.

### Chemical Analysts In Each District

The provisions should be made for having chemical analysis done in every district.

In order to expedite the trials of such cases, a provision should also be made that the statements of the witnesses should be recorded by courts without waiting for the report of the chemical analyst.

### Joint Possession

The person in respect of whom there is reason to believe that he was aware of the existence of such

intoxicating liquor or drug in the premises, vehicle or other place, should be liable to punishment unless he proves to the contrary. Section 35 of the Arms Act furnishes a model for adoption.

### Contraband Sources

It should be a very grave offence for a person entitled to the use of liquor on account of his being in military service, who misuses the quota intended for him for unprivileged persons.

### Club Licences

The laws with regard to clubs, if they are at all allowed to hold liquor licences, should be modified on the pattern of Sections 91 and 97 of the Licensing (Consolidation) Act, 1910 of the United Kingdom.

There should be restriction for sales on credit. No person shall either by himself or by any servant or agent sell or supply in any licenced premises or club any intoxicating liquor to be consumed on the premises; or consume any intoxicating liquor in such premises or club unless it is paid for before or at the time when it is sold or supplied.

### New Provisions In Liquor Laws

The laws relating to intoxicating liquors in the United Kingdom and the United States of America are far more stringent and comprehensive than the laws in our country and we will recommend that some of them should find place in our states. The provisions should relate to;

- (a) The duties of the keepers of liquor shops;
- (b) Burdening the accused with costs of prosecutions;
- (c) Punishment for witnesses refusing to give evidence;
- (d) Drunken riotous person;
- (e) Drunken person in charge of any vehicle;
- (f) Drunken person in charge of minor under 7;
- (g) Protection given to the husband and wife against inebriate partner;
- (h) Attempting to procure liquor for drunken person;
- (i) Person sending minor under 14 in a liquor shop etc;
- (j) Supplying liquor to constable on duty;
- (k) Restrictions on pawn brokers;
- (l) Spending some part of fines for development purposes;
- (m) Limitations on use of intoxicants in field of medicines etc;
- (n) Ban on advertisements;
- (o) Definition of intoxicating liquor;
- (p) Plea of ignorance of contents of liquor;
- (q) Vicarious responsibility in case of manufacture

of intoxicants, sales etc. by the wife, children, etc ;

(r) The place of manufacture of liquor to be common nuisance ;

(s) The vehicles rooms etc. where offences relating to liquor laws are committed being subject to lien for fines etc.

### Changes In Laws Other Than Liquor Laws

#### "Under Influence Of Drinks"

The expression "drunkenness" or "intoxication" in various enactments should be substituted by "under influence of drink or drugs".

#### Air Force Act, Army Act, And Navy Act

For the words "guilty of drunkenness" as used in Section 52 of the Navy Act and "found in a state of intoxication" as used in the Air Force Act, 1950 and the Army Act (Section 48), the words "under the influence of drink or a drug" should be substituted.

#### Inland Vessels Act Railway Act

Section 63 of the Inland Vessels Act, 1917 refers to "drunkenness" and Section 100 of Indian Railways Act to 'state of intoxication' on the part of respective personnel. Wherever "drunkenness" or "intoxication" is punished, the standard should rather be of being "under the influence of drink or drug".

#### Government Servants

Absolute sobriety should be insisted upon by law, from Government servants and others, who are called upon to discharge duties requiring high standards of discipline, responsibility, efficiency or accuracy, e.g. members of medical services, nurses, teachers, prison officers, persons engaged in factories, mines, etc.

#### Section 510 Of The Indian Penal Code

Punishment under Section 510 of I.P.C. (1860) under Section 34 of Police Act (1861), be enhanced and in the case of a subsequent offence, the offender should receive a compulsory sentence of imprisonment.

#### Indian Telegraph Act

Section 28 of the Indian Telegraph Act ought to be amended, so as to make all servants of the Telegraph Department liable to punishment if they discharge their duties while "under the influence of liquor or intoxicating drug".

#### The Merchant Shipping Act

Driving or attempting to drive a motor vehicle on a road or other public.

In Sections 243 and 377 of the Merchant Shipping

Act, 1958 "drunkenness" should be substituted by the words "under the influence of drink or drug".

#### Motor Vehicles Act

Driving or attempting to drive a motor vehicle on a road or other public place when a person is unfit to drive through drink or drug should carry besides the conviction under Section 117 of the Motor Vehicle Act (1939) also an obligatory disqualification for a period of at least 12 months from the date of the conviction, unless the court for special reasons thinks fit to reduce the period of disqualification to six months.

Section 17 and 117 and allied Sections should be modelled on Section 6, 11, 104, 109 and 111 and Schedule 11 of the English Road Traffic Act, 1960.

Operating of the car may also be made punishable though it may not be an attempt to drive.

The fact of conviction should be endorsed on the licence and the licensing authority should also be informed so that on the relevant register an entry of conviction and disqualification for holding a licence to drive may also be entered. Bicycle Riding etc.

On the pattern of Section 11 of the English Road Traffic Act, 1960 law in our country should provide punishment for a person riding a bicycle on a road or other public place while he is unfit to ride through drink or drugs.

Penalties should also be imposed upon persons driving vehicles other than motor vehicles whether animal driven carriages or other mechanically propelled vehicles.

#### Changes Proposed In Laws Of Evidence

We suggest the following amendments in the Laws of Evidence relating to liquor offences :

In the case of intoxicants courts should take judicial notice of the intoxicating properties of well-known alcoholic beverages ;

A court may take judicial notice of the facts,

(a) That the essential elements in all spirituous liquor is alcohol ;

(b) That certain articles are commonly used in the manufacture of prohibited liquors ;

(c) That well-known alcoholic beverage have distinctive odour,

(d) That the intoxication increase the probability of being involved in an automobile accident ;

(e) That intoxicated person is capable of particular intent.

The Legislature should make provision as to what may be prima facie evidence. Such presumptions may be.

(a) That the essential elements in all spirituous liquors is alcohol, violation of law ;

(b) That a certificate of public analyst is a prima facie evidence of the alcoholic contents of liquor ;

(c) That the defendant had no legal permit or authority to possess, sell transport, export, import intoxicating liquor ;

(d) That the liquor was not intended to be used for chemical, mechanical, medicinal, pharmaceutical, sacramental scientific or industrial purposes ;

(e) Presence of drunken persons, materials used in distillation etc. are prima facie proof of nuisance ;

(f) Possession of intoxicants above a certain quantity should be prima facie proof that they were intended for sale ;

In the case of drinking drivers the following presumptions may be made :

(a) Where there is less than 0.05% alcohol in the blood or equivalent amount in other body fluids or breath the subject shall be presumed not to be under the influence of alcohol ;

(b) Where there is 0.05% or more alcohol in the blood or other body fluids or breath the subject shall be presumed to be under the influence of drink.

The following amendments may be incorporated in the Laws of Evidence :

(a) An inference of guilt may be drawn from attempts to suppress evidence or destroy intoxicating liquor, its containers, apparatus, still etc.

(b) On a prosecution for sale of liquor to a habitual drunkard his general equation be considered.

(c) Opinion evidence based on sight tests and smell of intoxicants may be admissible.

(d) The opinion evidence of non-expert should be made admissible as to whether a person is intoxicated.

(e) Evidence of an expert based on tests conducted by him should be made admissible.

(f) Evidence based on smell alone should be made admissible ; without being able to describe the odour.

(g) Evidence of witness who recognises liquor by its odour should be admissible.

(i) Ana ; utoca ; resi ; ts made in blood samples taken from an unconscious person should be admissible.

(j) The testimony furnished by the drunkometer tests may carry persuasion of correctness.

(k) Tests of intoxicants from breath, urine of blood should be made admissible, whether done with or without the consent of the accused.

The test for determining alcohol one shown to have been conducted by a competent person should be treated as conclusive.

Our law should recognise that every person who operates a motorvehicle on the public highway of the state shall be deemed to have given his consent to submit to a chemical test of his breath, blood urine or saliva for the purposes of determining the alcoholic contents of his

blood. If the accused refuses to give a sample for testing his licence to drive ought to be revoked.

The following presumptions may be raised :

(a) A label on the bottle may be presumed as indicative of its alcoholic contents ;

(b) The appearance of the vendee may be admissible on order to determine his age ;

(c) The reputation of the consigner as trafficker may be admissible ;

(d) The knowledge of the less or about his premises may be inferred from the reputation of the place.

## **New Civil Damages Law Recommended**

### **Vicarious Liability**

The law should hold the furnisher of intoxicating beverages vicariously liable for the injury caused by a person to whom drink was furnished for his consumption.

### **Injury Or Loss To Property**

The plaintiff should be entitled to obtain damages in case of injury or loss to his property occasioned by the defendants sale or furnishing of intoxicating liquor from him.

### **Damages For Injury To Means Of Support**

The law should provide right of action for injury to means of support.

### **Care Of The Person Intoxicated**

The seller of liquor should be made liable for the care of the person being intoxicated in consequences of the sale of liquor to him.

### **Service Of Notice On Seller**

The wife or the others specified relatives of a person who is a habitual drinker should be given a right to give notice to liquor seller not to supply him with liquor. If despite notices liquor is supplied an action for damages may be allowed.

### **Right Of Parent Or Guardian Of Minor**

A right should be given to a parent or a guardian of a minor to institute a suit for damages where intoxicants have been furnished to a minor.

### **Suit By Dependants**

An action may be allowed where a person's drunken condition has deprived him of the normal use of his faculties so as to incapacitate him from protecting himself against danger to which by reason of intoxication he has been exposed.

### **Minimum Danger**

The law should indicate a minimum sum which may

be allowed as damages in the events in the plaintiffs suit being decreed.

#### **Right To Sue Be Given To Specified Persons**

The persons on whom the status may confer the right to sue the supplier of drink may be specified.

#### **Seller To Be Liable For Agent's Acts**

The liability of the seller of drinks should be made vicarious and he should be liable in damages for injuries caused by his agents or servants acting within ordinary scope of their employment.

#### **Insurance Policy**

In order to ensure the realisation of decretal amount on execution being sued out, law should make it obligatory upon the liquor seller to take out a policy of insurance similar to the one contemplated by Section 94 of the Motor vehicles Act, 1939 against third party risks.

#### **Special Law For Habitual Drinkers Retreats And Reformatories**

##### **Law For Habitual Drinkers**

Law should provide for the special treatment of habitual drunkards.

##### **Retreats And Reformatories**

To types of retreats and inebriate reformatories can be provided where admission can be ordered by courts and where admission can be sought by the inebriate at his own desire.

##### **Property To Be In Custodiallegis**

The property of the habitual drunkard should be put under the custody of the court and should not be disposed of except under court's order.

##### **Suit By Or Against Inebriate**

The drunkard may be enabled to sue or be sued through a committee or the guardian appointed.

##### **Reformatories**

Two classes of reformatories may be provided :

- (i) To which are sent such habitual drunkard where there is expectation of reformation ;
- (ii) To which are sent worse type of offenders. These may be like prisons.

##### **Inebriates In The United Kingdom**

Our laws should be modelled on the pattern of the inebriates Act 1898 of the United kingdom authorising detentions of inebriates, repeatedly convicted for specified offences.

#### **Trial To Be Given To Retreats and Reformatories**

Detention in retreats, and reformatories and in suitable cases, probation should be given a trial.

#### **Hints For Investigating Officers**

The statement of the witnesses should be recorded under Section 161 of the Criminal Procedure Code:

Photographers should be associated at the time of raids.

The prosecution should provide full proof of the incriminating links from the time of seizure till the time of reaching the office of the analyst should be supplied,

Sufficient proof of conscious possession of the incriminating article should be given.

Public opinion and human nature : Some misconceptions.

The opinion an individual expressed in public is not the opinion of the public though claimed as such. Every tendentious writing in a newspaper is not public opinion.

The prohibitionists should realise the cause of prohibition suffers less from the onslaught of those who believe in freedom to drink than at the hands of those whose themselves do not drink but dare no voice their opposition.

#### **Role of the Press**

The press can promote prohibition by bringing to the notice of the readers, the risks and danger of addition to alcohol by publicising alcohol caused evils in the sphere of home health economics accidents crime etc. The press can term light on incontrovertible scientific fact as to the harmful properties of alcoholic beverages.

The newspapers should tell how drinking drivers cause accidents.

The press can censure lax enforcement and bring to light weaknesses in the enforcement including corruption. The press should pull its weight on the side of sobriety. The approach should be objective avoiding as much suggestion false as supererogatory.

#### **Prohibition Through Mass Education and Publicity**

In order to propagate the cause of prohibition, information based on factual data is likely to carry a deeper appeal than suasion on an emotional plane.

Prohibition campaigns should be organised on the pattern of the Anti-saloon League of America which published books leaflets and weekly and monthly magazines by the billion.

The campaign by the National Committee of Poland in 1961 which arranged 14,000 lectures, 200 exhibitions,

250 cultural events provided material for 10 movies and distributed 2 million leaflets and posters, is worthy of emulation as also the campaign by an organisation of 1200 medical students.

Efforts should be directed to dispel the pessimistic mood of apathy, listlessness and inertia which impedes the reformers work.

A warm, vibrant living public opinion should be created against drinking and in support of prohibition.

Strong laws, vigorous enforcement and stiff penalties will deter the violators to some extent ; but more so, a vigilant and determined public made alive to the dangers of inebriety.

A nation-wide effort on the basis of a systematic nation-wide programme will be productive of better results. The sinister resistance to prohibition from liquor lobbyists and venal enforcement should be arrested.

The approach of social workers should be scientific rather than sanctimonious and the work must be entrusted to persons imbued with a living faith in prohibition.

The medical profession should undergo a refresher course in order to re-equip itself with medical truths regarding alcoholic caused harm which should be brought to the notice for the masses.

The mass media of communication including press pulpit and the screen, should be utilised in publicising alcohol caused depradation in the form of pauperism, domestic infelicity, neglected children, delinquency, disease, promiscuity and crime as also alcohols death dealing role on the road.

There is a great scope for religions the apy as the founders of all religions, the saints, the sarvants and distinguished men, have reprocated the use of alcoholic drinks. Their injunctions and savings can be collected and these will furnish a good basis for influencing the minds of the youth and of the religious minded men and women and for illstration vide paras 18, 19 and 20.

The views of great sportsman who acquired fame by eschewing liquor need being better known among the teenagers and the adolescent.

The Bharat Sadhu Samaj should take up the work as they have got a great held in certain section of Indian society.

The educators should study the basic facts and philosophy and bring home to the people the unfortunate results on account of the impact of alcohol.

The numerous alcohol caused problems should be the highlighted.

The tempo of educational campaign has to be kept up at a steady pressure.

Those who are interested in the prohibition work should be able to refute half-truths and false arguments usually advanced to mislead the gullible and the impressionable.

The growing awareness of the alcoholic danger should be brought home by devising special programmes including audio-visual aids, seminars, special periods in schools and colleges, cultural programmes dramatic performances, poetical symposia' shivirs, etc.

Womens organisations on the pattern of women's crusade in America will go a long way in bringing home the good results of prohibition.

The text-book crusade is equally important as it will have abiding effect upon the minds of the school-going children.

A relentless and ruthless exposure of the liquor evil should be pursued with vigour and determination.

### Role of Voluntary Organisations

We endorse the recommendations made in the Third Plan.

The state government should associate voluntary agencies with the work of prohibition.

It would be desirable to open a net work of Nasha Bandi Lok Karya Kshetras throught the country. There should be one such Kshetra in every district and in important industrial projects and urban areas.

Government may consider the possibility of opening at least five Kshetras in each State, directly from the Centre, to give initial push to the programme.

There should be effective non-official coordinating agencies at the Central State and District levels.

Steps may be taken to open prohibition councils in all the States and their units at a district level.

These councils may be strengthened and given necessary financial assistance. They should be under All India Prohibition Council which has been star:ed.

The Government should consider be possibility of associating All India and State Prohibition Council with Lok Karya Commitees.

The workers should be trained for carrying their task effectively. The training cover all aspects-economic, social, psychological and also the matters and techniques of approaching the people.

The training should be such as would help the workers to acquire proper skill and sympathy to handle the addicts and new victims.

The Planning Commission is setting up a Central Training and Research Institute on Public Co-operation. This Institution should be developed as a National Institution.

The Institution should impart theoretical, field and practical training.

It will be desirable if the elective system is eliminated in the matter of selection of non-officials, persons may be taken representing different interests, groups and social strata.

There should be separate wing of women prohibition workers and university students.

The Central and State councils should on the advice of the publicity experts chalk out a programme and produce literature in the form of tracts, pamphlets, charts, statistics bills posters, cartoons, pictures, etc. etc.

The members of the non-official organization should develop direct contacts with the people including those who are addicts and also their dependents.

Every panchayat should be made to realise and shoulder the responsibility of reeducating the drink evil from the village.

A scheme for awarding prizes to the villagers may be formulated for making the prohibition a success.

The Government should not open liquor or toddy shops at religious fairs and festivals.

Advantage should be taken of kathas and such other functions in order to propagate prohibition.

The mobile parties of good singers of folk songs should go round the village propagating about prohibition. Similarly 'shivirs' and dramas should be arranged.

Welfare and recreation activities in healthy atmosphere can play an important part.

People should have restaurants-cum-clubs where they could gather and refresh themselves with non-alcoholic beverages.

Special films on prohibition should be exhibited at prohibition 'shivirs' and 'sammelans'. The radio should also be used for the work of prohibition.

Attractive magazines in all regional languages will go a long way in instructing, entertaining and educating the readers

Research studies and surveys are necessary for effective handling of the problems of enforcement by the State Governments.

The matter of prohibition should be taken in the Central Committee on prohibition. The Central Government may consider sympathetically for making a financial provision which should not be less than Rs. 1 crore.

#### Administrative Set Up In The States

Enforcement of prohibition should be the responsibility of the police.

The staff at the station house level and the circle level

be increased by 10%.

A careful analysis should be made either by the D.I.G. or by the I.G. of police to assess the quality of work.

A mobile force should be at the disposal of the circle inspector and the deputy superintendent of police for stamping out illicit distillation in their area.

A separate transport, a jeep, motor cycle, etc. should be supplied at each police station.

A mobile squad should be constituted for each of the districts where illicit distillation and sale of liquor is found to exist on considerable scale.

The corruption in the force can be guarded against to some extent by :—

(a) Surprise visits by higher officials (incognito) ;

(b) Creation of mobile squads ; and

(c) Prompt attention to the posts from the public against corrupt officials.

There is no arrangement for a foundational course of training for the enforcement staff except on a very limited scale in some of the states. Adequate arrangements should be made for such training courses. Periodicals refresher courses may be also be organised.

The personnel deployed for prohibition should have belief in the prohibition programme and should be able to resist temptation and do their job efficiently. A system of special reward for meritorious work and also severe punishments for lapses on their part should be instituted.

Wider opportunities for discussions and exchange of intelligence among the officers related to the difficulties encountered during enforcement of prohibition laws should be provided.

A journal should be brought out by the Prohibition Intelligence Bureau giving the techniques adopted by the illicit distillers and bootleggers, practical difficulties encountered in detecting cases.

The Minister incharge of the enforcement agency should also hold the portfolio of prohibition.

At the state level State Prohibition Boards should be created with the Home Minister for Prohibition as its president and consisting of non-officials to advise the government. Such non-official bodies should also be constituted at the district and taluka levels.

The Economics of Intoxicating Liquor in Wet Areas.

The system of granting licences during good behaviour with a nominal licence fee has great advantages over the alternate system of bidding and a heavy licence fee.

#### Policy for Wet areas.

The recommendations made in Third Five Year Plan detailed in para, 1 are endorsed. They call for early implementation.

For wet areas we recommend a four phased programme as detailed in Paras 4 to 13.

Though 12 years is outside limit, it would be better if the wet states could condense the four phases within a shorter period preferably by 30th of January, 1970 when the birth centenary celebrations of Mahatma Gandhi are going to conclude

Minimum guarantee system would not suit the phased programme.

The proof strength of liquor be reduced and the liquor be bottled in distillery or the warehouse instead of at the retail shop.

In the second phase public consumption of alcohol may be stopped by cancelling all on-licences and the licences for clubs, hotels and other public places should be gradually curtailed.

Finally the liquor trade must not be run for private profit and there should be full control over bonded warehouses breweries and distilleries, and if need be they should be shifted to the public sector.

#### Foreign Visitors and prohibition

In places outside the three dry states, where rules forbid drinking in public, a room may be set apart in high class hotels for the exclusive use of foreign tourists residing in the hotel and their guests, where they may have the facility for meals and alcoholic drinks.

In the case of other foreign residents in India such as diplomats, technicians businessmen, etc. the same facilities should be allowed. The production of the passport should be sufficient evidence of a person being a foreigner.

The rules requiring the observation of dry days may be relaxed in the case of a foreigner.

The place from where the foreigner purchases his drink, whether a hotel or a shop, should maintain record indicating the purchaser's name, address and the passport number.

For the purposes of obtaining drinks persons of Indian origin but domiciled abroad may have the same facility as any other foreigner.

The basis of permit system for hard liquors.

At initial stage alcoholic drinks of very mild variety, in particular those which are not harmful and do not cause drunkenness in the generality of cases, may be allowed on permits, under controlled conditions and the permit system for hard liquors may be strictly rationalised.

For addicts and habitual drinkers the use of alcohol should be allowed in order to relieve acute distress. The permits on ground of addiction or habituation must not be granted to persons below the age of 40. Persons below 40 years may seek permits for milder varieties.

It is necessary that the date by which applications

for hard liquors should be made be specified. No application after the late date should be entertained for hard liquors.

The grant of permits should be confined on medical grounds alone to addicts who may suffer from sudden stoppage of liquor. No permits should be granted on grounds of health.

Before issuing permits the level of the income of the applicant, the number of dependents and other circumstances should be taken into consideration.

A board consisting of a nominee of the executive authority, a reputable social worker and a representative of the medical department should examine the applications for permit.

Persons engaged in certain hazardous occupations must under no circumstances be given hard liquor permits.

The economic containment of illicit distillation ; The case for mild liquors.

If mild alcoholic beverages are allowed on permits and under controlled conditions the phenomenal profits made in illicit liquor may be reduced.

In the case of light liquors no permit be issued to persons below 30 years.

The authority to issue permits for light liquors of foreign variety need not be board but a nominee of the executive authority.

Case for liberalisation of toddy.

The toddy may be allowed to be served subject to the following safeguards :—

(i) A ceiling of 5 per cent alcohol in bulk should be fixed ;

(ii) The production and the sale of toddy should be under government control ;

(iii) Wherever possible, bottling to guarantee standard, and refrigeration to stabilise alcoholic strength should be provided ;

(iv) The drink may be consumed only at the place of sale and not be allowed to be taken home ;

(v) The quantity of toddy that can be served to an individual should be suitably limited and the vendor or barman should be under statutory obligation not to violate this condition ;

(vi) The price of toddy and the tax element if unavoidable should be kept as low as possible with a view to dissuade people from drinking the hard product of illicit distillation ;

(vii) Drinking should be allowed only within regulated hours ;

(viii) Steps should be taken to remove the possibility of stale drink being served or of injurious substance being mixed.

(ix) The production and sale of toddy within a radius of five to 10 miles of palm gur centres should be



stopped ;

(x) There should be an age limit of 21 years below which no consumer may be served the drink.

The suggestions with regard to toddy as given above are not intended to be adopted by the States of Gujarat and Madras.

In order to give effect to the proposals certain safeguards will have to be built into the system.

In case of scheduled tribes and adivasis a change has to be brought about in their mental approach and social outlook through the more enlightened members of their community, than through pressure of law.

The following measures are suggested in the case of adivasis and scheduled tribes :

(i) The adivasis or scheduled tribes with whom drinking is traditional may be allowed to brew such beverages to which they are accustomed for their consumption only ;

(ii) They should not be allowed to raise the alcoholic strength by adding strong catalytic agents ;

(iii) For serious crimes committed under the influence of liquor, no leniency need be shown by reason of the fact that the accused had primed himself with liquor in order to mentally prepare himself for commission of the crime.

The states which are satisfied that no relaxation of prohibition in the case of scheduled tribes or adivasis

living there is called for, need not liberalise drinking facilities.

A critique of the recent liquor policy announced in Maharashtra. The permit system according to the recent policy of Government of Maharashtra will be perpetuated and this must be avoided.

The free availability without permits of mild alcoholic drinks will add to the number of addicts.

No permit should be allowed on health grounds, but only on grounds of addiction and serious habitation.

No liquor permits for hard drinks should be allowed to persons below 40 years. The rule for granting permits on the certificate of a registered medical practitioner is no check for the bonafides of the applicant.

There is no justification for liberalisation of the grant of permits for mild drinks to persons from the age of 21 years.

The proposed stepping back will not enable the government to spring forward.

#### Conclusions

If the recommendations are adopted by the Governments concerned, it will be desirable that the Union Government sets up a Committee after a suitable time to assess the implementation and progress of the integrated programme.

## COMMITTEE ON UTILISATION OF EXTERNAL ASSISTANCE, 1963—REPORT

New Delhi, Ministry of Finance, 1964. 59p.

Chairman : Prof. V. K. R. V. Rao.

Members : Shri B. N. Adarkar; Shri P. Govindan Nair; Dr. I. G. Patel.

Secretary : Shri V. K. Ramaswami.

#### APPOINTMENT

The Committee on utilisation of External Assistance was constituted under the Ministry of Finance, Department of Economic Affairs vide their Resolution No. F 12/35/63 EF Co-ord. dated June 6, 1963.

#### TERMS OF REFERENCE

(i) to consider problems associated with the utilisation of external assistance from all sources and in all forms;

(ii) to hold discussions for this purpose with repre-

sentatives of Government Departments as well as of the public sector enterprises and private trade and industry ;

(iii) to examine the problems encountered by private sector in its search for foreign technical collaboration or foreign capital investment.

#### CONTENTS

Introduction; Analysis of Assistance Received, Present Procedures for Negotiation of Assistance; Causes of slow utilisation; steps to Improve Aid Utilisation in the Public Sector; Procedures for Disbursement of Project Aid, Problems of the Private Sector; Policies and Procedures of Aid-giving Countries; Foreign Exchange Budgeting and the Use of Assistance; Summary of Main Conclusions and Recommendations; Appendices I to IV.

## RECOMMENDATIONS

The Government should publish periodically statistics of ordering against available assistance, in addition to data regarding disbursements.

The middle ground between the overall mapping of resources and the detailed study of particular projects is not adequately covered. Considerably greater attention must be paid to geological, metrological, soil, water and forest resources studies. Assistance may be sought from the U.N. Special Fund and the World Bank for these surveys.

With regard to individual projects, the real initial stage is the preparation of a feasibility report. No project should be proposed for aid unless a feasibility report has been completed. Large numbers of feasibility studies must be prepared in order that schemes for which it would be worth while to prepare detailed project reports may be identified. The feasibility studies must be cover both economic and technological aspects and must of a high standard so that they are acceptable to the institutions and countries providing assistance.

It would be useful to draw up lists of Indian and foreign firms qualified to prepare project reports in different fields. The institutions and countries providing assistance could be requested to agree to finance the foreign exchange cost of the preparation of projects reports, without being committed to financing the projects themselves.

A major cause of delay has been the change in the scope of projects at a late stage. Such changes should be avoided.

Another cause of delay has been with regard to acquisition of land, the erection of township, etc. Government should review the legal position and take whatever steps are necessary to speed up land acquisition subject to certain safeguards.

In the case of certain industries the practice is followed of setting monetary limits for the import of standard plants, and there is no detailed scrutiny of the list of goods. The practice of relying on monetary ceilings rather than on detailed scrutiny of items should be extended to a number of other industries also.

The existing procedures of detailed check of lists of items to be imported by units with fixed assets of less than Rs. 25 lakhs should be relaxed; such units should be allotted a certain overall amount of foreign exchange and within this overall ceiling, subject, of course, to banned items not being imported and the capacity to as proposed being established, the unit should allowed to import equipment as it chooses. For the larger projects prior screening of lists of imported equipment seems justified but delays here could be minimised if project authorities consult the D.G.T.D. at as early a stage as

possible.

Much greater effort should be devoted by the D.G.T.D. to the collection of really detailed and up-to-date informat on regarding the equipment manufactured in the country and the order book position of individual manufacturers. This information should be kept on cards, should be accessible to public and private sector industry, and should be cross-checked on the basis of reports from customers.

While items for which indigenous capacity is sufficient to meet all requirements should be banned in the import trade control policy, a liberal view should be taken with regard to the import of actual users of other items of the capital equipment.

Attention should be paid to the price aspect when screening import applications. Collection of price data is essential, both for determining whether import should be allowed or not and to choose between alternative foreign sources of supply. The D.G.S. & D. and the D.G.T.D. could cooperate in the collection of such information. Government agencies abroad could assist in the work.

The private sector should be asked to actively assist in collection of information regarding the indigenous availability of various items particularly of capital equipment. If the units requiring equipment and the manufacturers can agree on what items can reasonably be allowed for import, many of the present delays can be eliminated. There could be separate committees with regard to each major type of equipment, and the Federation of the Indian Chambers of Commerce and Industry and their Associated Chambers should be requested to organise such committees.

Prior clearance by the D.G.T.D. should not be necessary with regard to the import of components and raw materials by public sector projects. Reporting of orders placed may however be insisted on.

This procedure may also be extended to the private sector, at least for priority industries.

Once foreign exchange from specified sources has been allocated for the import of equipment, there should be no further need for the project authority to make a reference to the administrative Ministry or the Finance Ministry. Similarly, the project authority should be given full freedom to order components and raw materials against half-yearly allocations of exchange made from different sources, without having to make a reference to the administrative Ministry/Ministry of Finance.

The new entrepreneurs should be assisted to develop projects in a manner acceptable to financing institutions and collaborators and capable of being implemented speedily. The Indian Investment Centre should expand its activities in this field, and provide detailed advice regarding the feasibility of proposed projects.

Government should publish periodically information regarding availability of credits from different sources for financing the import of the equipment. This will help businessmen to choose sources of supply for which funds are available.

Industrial units should be offered as wide a range of choice as possible with regard to the sources of supply.

The non availability of adequate rupee finance has operated to delay the implementation of a number of priority projects for which foreign exchange has been earmarked. The I.F.C. and the I.C.I.C.I. have been of assistance, but the institutional arrangements in this regard require further review by Government.

The possibility of laying down standard foreign collaboration terms for different industries should be examined by Government.

Non-project assistance should form a larger part of the total. Project assistance should be defined to include components needed for the manufacture of capital equipment and the initial stock of components of machinery manufacturing industries whose equipment is financed by aid.

The delay between pledges at the Consortium meeting and actual commitments can be reduced if selection of programmes and projects is made as part of the

Consortium exercise.

It will be of considerable help if at least 10 per cent of the aid given for a project is made available for purchase in third countries.

The World Bank the I.D.A. should agree to relax the requirement that the lowest tender should be accepted in order to permit placing of orders on indigenous suppliers who may charge higher prices but who would require less foreign exchange.

The U.S. authorities may be requested to relax the requirement that their should be tendering confined only to the United States if American assistance is to be forthcoming. The results of global tenders should be accepted.

The minimum value restriction on use of external assistance should be done away with to the extent feasible.

The use of assistance of different types and of free foreign exchange should be carefully coordinated. It should be possible to forecast minimal availabilities of foreign exchange for a few half years ahead. On the basis of these estimates medium term plans for the utilisation of both external assistance and free foreign exchange could be prepared.

## ESIS REVIEW COMMITTEE, 1963—REPORT

New Delhi, Ministry of Labour, Employment and Rehabilitation  
(Department of Labour and Employment), 1966. 310.+vip.

Chairman : Shri C. R. Pattabhi Raman.

Members : Shri R. Jaganath Rao; Shri M. Bhaktavatsalam; Shri Bijoy Singh Nahar; Shri Shantilal H. Shah; Shri D. C. Kothari; Shri R. K. Parikh; Shri G. V. Puranik; Shri G. Ramanujam; Shri Bagaram Tulpule; Shri G. V. Chitnis.

Secretary : Shri S. K. Wadhawan.

### APPOINTMENT

The committee was constituted by the Government of India, under the Ministry of Labour and Employment vide their Resolution No. 1(45)/62-HI, dated the 26th June, 1963.

### TERMS OF REFERENCE

To review the working of the 'Employees' State

Insurance Scheme and to recommend what modification or change in the structure and organisation of the Employees' State Insurance Corporation would be necessary to ensure more satisfactory functioning of the Scheme.

### CONTENTS

Introduction; Historical Development of Social Security Legislation in India; Growth and Development of the Corporation; Coverage under the 'Employees' State Insurance Act; Contributions; Cash Benefits; Disbursement of Cash Benefits; Medical Benefits—Administration; Medical Benefits—Outdoor Case; Medical Benefits—Indoor Medical Care and Treatment in Special Diseases; Medical Benefits—General; Adjudication Machinery; Financial Control and State Contribution; Administrative Structure; Organisational Set-up; Comprehensive Scheme of Social Security; Acknow-

judgements; Summary of Conclusions and Recommendations; Note of Dissent; Appendices I to XIV.

## RECOMMENDATIONS

### Growth And Development Of The Corporation

#### Slow Progress of Implementation

The delay in the progress of the implementation of the ESI Scheme was largely due to lack of sufficient enthusiasm on the part of some of the State Governments. Difficulties regarding the acquisition of suitable premises for the dispensaries, the arrangement for medical and para-medical personnel, procuring of equipment, making arrangement with the hospitals for indoor treatment, and settling of terms with the panel doctors, could have been anticipated and steps taken to overcome them. The duality of functions in the State Governments largely added to this delay.

There is a constant log between the resources of the State Governments in the matter of medical personnel and necessary finances and their responsibilities in regard to the provision of medical benefit to the general public. They could not do any better for the insured persons under the scheme which forms only a fraction of the total population of the state. The serious bottleneck in the arrangements for the medical care facilities in the states was the inadequacy of hospitals and specialists' services.

#### Complaints And suggestions

In a nation wide scheme of the magnitude and the size of the Employees' State Insurance Scheme, complaints and criticism from various sources had to be expected. It must be said to the credit of the organisation that the Corporation has been taking notice of all complaints, criticism and suggestions and they have tried to solve and smoothen out as many of these as possible by means of administrative instructions and amendments to the Regulations.

The Corporation had to build up an organisation for which there was not much previous experience. By and large it has performed this difficult task well.

#### Scope Of Coverage Under the E.S.I. Act.

##### Extension Coverage

Priority must be given to extending the scheme to those groups of workers who have no protection at all at present rather than trying to cover those sectors which have some measure of protection even if it is not quite adequate.

The limitations of resources and personnel particularly in the medical field as well as administrative difficulties in enforcing the provisions will not permit

immediate extension of the scheme to very small establishments. However, the Scheme should immediately cover all factories as defined in the Factories Act, 1948.

##### Extension To Mines

The extension of the E.S.I. Scheme to cover mines would in effect mean shifting of the part of the responsibility for providing medical benefits from the employers to the colliery workers. The dispersal of the collieries in outlying areas and absence of concentration of workers in large numbers in any one area call for a specialised organisation to deal with their special problems. The mines should not for the present be included in the purview of the E.S.I. Act. The possibility of schemes for joint hospitals and dispensaries in sparse areas so that both those insured under the Employees' State Insurance Scheme and those entitled to benefit under the Mines Welfare Fund may be able to get adequate standard of medical relief, is however not discounted.

##### Extension To Plantations

Plantations by their very nature have to be in sparse areas away from the cities. The medical facilities have largely to be on the wheels and the provision for medical personnel and ancillary staff has to be much more liberal. A large bulk of plantation labour will be exempted from payment of employees' contribution because of low rates of wages. Extension of the Act to plantation labour at this stage is, therefore, bound to make serious inroads into the funds of the Corporation. The Corporation should not enter this new field of activity immediately. The position might be reviewed after a period of about five years in the light of the development and resources of the Corporation at that time.

##### Priorities

The extension of the Scheme may follow progressively the following order in the next ten years or so :

###### (a) Immediately

(i) Factories using power and employing ten or more persons; factories not using power employing twenty or more persons ;

(ii) Running staff of road transport undertakings not at present covered.

###### (b) During The Fourth Five Year Plan Period

(i) All factories whether or not using power employing ten or more persons;

(ii) Shops and Commercial establishments employing ten or more persons;

(iii) Trade and Commerce employing ten or more persons,

### (c) Thereafter

(i) All undertakings under (b) above employing five or more persons;

(ii) Mines and plantations employing ten or more persons whether or not power is used.

Power of extension of the scheme under Section 1(5) of the Act should rest with the Central Government which should, of course, consult the State Governments concerned before issue of the notification.

### Exemptions

The provisions in the Act for grant of exemption should be tightened and exemption may be given only in exceptional circumstances when the prevailing benefits are superior on an overall assessment to those that could be provided under the Scheme, and the employees themselves desire exemption. No distinction should be made between private sector and public sector in the grant of exemptions.

### Enlargement Of The Scope Of The Term 'Employee'

The definition of the term 'employee' must be such as to bring in all classes of employees in a factory, except those about a certain wage ceiling.

### Relief For Clerical Employees

It would be undesirable to prescribe a relief or diminution in contribution in case of class of employees not so much exposed to the risk of employment injury as that would amount to matching of the components of the contribution to each risk.

### Wage Ceiling

The wage limit for coverage of an employee should, in the first instance, be raised to Rs. 1,000 per month. A provision should also be made for giving the Central Government powers to raise the wage ceiling from time to time.

### Coverage Of Casual, Temporary And Badli Workers

It would be a retrograde step to exclude from the Scheme the large number of persons working as casual, temporary and badli workers.

It would not be desirable to specify any minimum period of continuous employment for coverage of an employee.

### Contributions

#### Transitional Provisions

The transitional provisions which were introduced as a short term arrangement cannot be continued for an indefinite period. These should be dropped and the contribution should be collected as per Schedule I

to the Act.

### Freezing Of Contribution And Benefit Rates

There should be a freezing of contribution and benefit rates at the present maximum rates and no further wage group need be added with the raising of the wage ceiling to Rs. 1,000.

### Exemption Limit For Payment Of Employees' Contribution

In order to give relief to low paid employees, raising of the wage limit to Rs. 2 per day is recommended for exemption from payment of employees' contribution immediately with a provision for review of the position at the time of the next valuation.

### Contribution Stamp System

The present system of collection of contribution through contribution stamps should not be given up. Nevertheless, the search for simpler system should continue and the O & M Division of the Corporation should concentrate on it.

### Return Of Contribution Cards

The Return of Contribution Cards should be sent by the employer in triplicate.

### System of calculation of contributions

Amendments in the Contribution and Benefit schedule as proposed are a considerable improvement over the present position and also over the percentage method of calculating the rate of contributions. No change is, therefore, suggested in the system of calculation of contributions.

### Chalan Form For Purchase Of Contribution Stamps

One copy of Chalan Form should be returned to the employer for his record in case of purchase of contribution stamps.

### Abolition Of Sets

The system of dividing the insured persons in three sets 'A', 'B' and 'C' may be abolished.

### Fixation Of Unit For Payment Of Contribution

Another contribution table may be added in the Act to provide for payment of contributions on monthly basis in cases where the wage period is a month. Corresponding changes may be made in the contributory conditions for title to benefit.

### Limitations For Recovery Of Contributions From employers

There should be a reasonable period of limitation for recovery of contributions payable by the employer. The provision of three years period for this purpose as

proposed in the Amendment Bill would be adequate.

#### **Transfer of Liability for Payment of contributions on Transfer ownership**

It should be possible to provide in the E.S.I. Act that the liability to pay arrears of contributions, if any, passes on to the transferee along with the transfer of ownership of the factory.

#### **Cash Benefits**

##### **Lumpsum Payment of Permanent Disablement Benefit**

It should be provided in the Act itself that payment of permanent disablement benefit shall be made in the form of a lumpsum of the rate of benefit is less than 50 paise a day.

Appropriate provision may be made in the Regulations to the effect that Medical Board may also certify the correctness of the age declared by the insured person at the time of assessment of the extent of loss of earning capacity, which will operate in the absence of adequate proof of age.

##### **Rate Of Sickness Benefit**

No change in the present quantum of sickness benefit rate is recommended.

##### **Reduction In The Sickness Benefit Rate During Hospitalisation**

It would not be a proper step to reduce the rate of sickness benefit of an insured person while he is undergoing treatment as an indoor patient in a hospital.

##### **Maximum Duration Of Sickness Benefit**

Duration of sickness benefit should be increased from 56 days to 13 weeks (91 days) as a first step with an ultimate objective to increase the maximum duration to 26 weeks.

##### **Qualifying Conditions For Extended Sickness Benefit**

The qualifying period for extended sickness benefit should be reduced from two years to one and a half years. An insured person who has qualified in any of the three contribution periods during the previous four consecutive contribution periods, should be eligible for extended sickness benefit. The extended benefit may be allowed for the second and subsequent spells if there is an interval of not less than twelve months after the termination of the previous spell and the insured person has qualified for sickness benefit in the intervening contribution periods.

##### **Increase In Rate Of Employment Injury Benefit**

The rate of employment injury benefit should be 30%

over and above the sickness benefit rate.

#### **Expert Committee to Review The Schedule Pertaining To Assessment of Loss Of Earning Capacity**

An expert committee should be appointed to review the schedule on which the assessment of the percentage of loss of earning capacity for purposes of permanent disablement is based and to make suitable recommendations taking into account the practice in other countries. A certain degree of discretion must be given to the Medical Boards in assessing cases involving combination of injuries and non-schedule injuries.

#### **Grant-In-Aid To Safety Associations**

The E.S.I. Corporation should actively associate with the National Safety Council for the setting up of which the President's Conference on Industrial safety held in New Delhi recently has made certain proposals.

#### **Review Of Rates Of Certain Benefits**

There should be quinquennial review of the rates of permanent disablement benefit and dependents' benefit at the time of the valuation. The increase should neutralise the rise in the working class cost of living.

#### **Provision Of Waiting Period**

The provision of waiting period in case of sickness benefit is based on sound principles and no alternation in this provision is suggested.

There is no particular objection to making the waiting period conditional on an insured person being certified sick for a continued period of three weeks, and paying the benefit from the very first day once he crosses the limit laid down except that this may increase administrative work and perhaps, also the cost. The Corporation may in due course examine by reference to the actual number of cases where the spells of sickness for last three weeks and more and the financial implications of the proposal.

#### **Provision Of Death Grant**

Death Grant is another useful suggestion for consideration as an additional benefit under the scheme in course of time.

#### **Invalidity And Survivorship Pensions**

There is need for provision of invalidity and survivorship pensions. The better course would be to tag them on to the old age pension scheme when it comes.

#### **Increase In Absenteeism**

There is no evidence to show that absenteeism in industry has shown a significant increase after the introduction of the ESI Scheme or that there has been maling-

ering on a large scale.

### **No Claim Bonus**

No claim bonus is not likely to solve the problem of absenteeism. In principle, there may be no objection to a provision for the extension of the maximum duration of benefit in the succeeding year for insured persons who do not claim sickness benefit during a year but this would not be of much benefit. This question may be further examined by the Corporation at a future date.

### **Disbursement Of Cash Benefits**

#### **Simplification of Procedures**

The present system of claims taking and payment of cash benefits at the Local Offices is complicated and there is great need for making the procedure simple and straight-forward.

The process of decentralisation should be continued till it is ensured that all matters concerning determination of claims for short term benefits are finally settled at the local office level without reference to the Regional Office except in cases of doubt. The contribution cards should also be received in the local offices and work with regard to exit and re-entry of insured persons should also be done there. There is need for constant vigilance and Organisations and Method study for gradual improvement.

#### **Review Of "No Contribution Card" Cases**

To ensure prompt payment of benefit there should be a procedure for picking out 'no contribution card' cases immediately after the end of the contribution period. In cases where there is reasonable evidence that the insured person was in employment he should be deemed to have paid contributions even if his contribution card is not received.

#### **Benefit Files And Ledger System**

The benefit file system has not worked well. The loose-leaf ledger system may be more suitable to the conditions in which the local offices have to work and may eliminate most of the difficulties of the present system.

#### **"Teller" System**

To speed up the payments, "Teller" system may be adopted with a machinery to check up claims and post the benefit files ledger subsequently. The counter clerks may be authorized to make the payment after quick determination of titles etc. upto Rs. 25 on the basis of the claim presented by the insured person. Subsequent payments in the same spell, even if exceeding Rs. 25 may also be made by the counter clerk.

### **Delays In Payment Of Long Term Benefits**

Efforts should be made to reduce the time required for award of permanent disablement benefit after the termination of temporary disablement benefit to the minimum by treating such cases as Emergency Cases. Medical Officer Incharge of the case should send his report and recommendations well before the issue of final certificate on receipt of which local office should initiate action immediately. Thereafter the case should proceed from stage to stage on a "High Priority" basis. The arrangements for medical boarding should be made adequate wherever there are deficiencies and no one case should be allowed to wait for more than a few days for placing before the Medical Board.

#### **Papers For Medical Board**

Papers for the Medical Board should invariably be scrutinised by the Medical Officer of the Corporation, and should reach the Chairman of the Board at least three prior to the date of the meeting. The recommendations should also be routed through the Medical Officer in the Regional Office who can advise if an appeal or a review is necessary.

#### **One Man Medical Board**

In large industrial areas where the number of insured persons exceed one lakh, there may be two types of Boards, one on which three members sit, to deal with the cases of non-schedule injuries and the other with only one member to deal with the cases of schedule injuries.

#### **Provisional Payment Of Permanent Disablement Benefit**

In cases where the estimated disablement is more than 25% provisional payment upto 75% of the benefit may be made and adjusted later when the award of the Medical Board is available.

#### **Time Limit For Payment Of Benefits**

The time limits for payment of benefits particularly for maternity benefit, permanent disablement benefit and dependant's benefit are excessive and should be reduced to fourteen days, one month and three months, respectively. Satisfactory machinery should also be devised to inform the claimant, in the first instance, all that he is required to do.

#### **Remittance By Money Order**

The option for payment by money order should be freely publicised. The local offices should have specific machinery for disposal of applications for remittance by money orders and normally all requests for money orders received on a particular day should be disposed of the same day.

### Refund Of Benefit Paid In Excess

If there are any impediments in the E.S.I. Act against refund or adjustment of over-drawn payments from future receipts, then should be removed. It should be ensured that intimation regarding excess amount paid is issued within twenty-four hours of payment.

### Alternative Evidence Of Incapacity

While it is difficult to suggest that there should be no provision to deal with the exceptional cases where the insured person has necessarily to produce a certificate from the private doctor, there should be an effective machinery for proper check-up of such certificates.

### Working Of Sub-Local Offices And Pay Offices

While a sub-local office may be economical it is unsatisfactory from the point of view of prompt and efficient service. The sub-local offices should be converted into small size local offices and a junior officer with powers to pass claims for short term benefits should be posted here.

The pay offices, should be replaced by the system of remittance by money orders.

In heavily congested areas payment of cash benefits to employees of large undertakings may be made at the employers premises by sending the cashier there once or twice a week as may be necessary.

### Medical Benefits—Administration

#### Provision Of Ayurvedic System Of Medicine

Ayurveda being in great demand in certain areas, it is recommended that sufficient and satisfactory facilities should be made available for Ayurvedic treatment.

#### Responsibility For Administration Of Medical Benefits

While taking note of the arguments pro and con with regard to the Employees' State Insurance Corporation taking over the administration of medical benefits, it is felt that it would not be expedient to make any radical change in this regard at present. On the other hand, every effort should be made to gear up the machinery set up by State Governments to the needs of the scheme and to ensure that proper and effective liaison is maintained between the corporation and the State Governments. For the day-to-day functioning of the medical side of the scheme, the State Governments should have a free hand but then should be answerable to the corporation for any lapses. The administration of medical benefit may be entrusted to the corporation wherever the State Government feel that this step would be in the larger interest of the State and the efficient administration of the scheme.

### Administration Of Medical Benefit In Delhi

The administration of medical benefits in Delhi where these are administered directly by the corporation is not very satisfactory. The dispensaries were found in a bad state of repairs. The buildings had not been white washed for several years. This was said to be the responsibility of the C.P.W.D. The corporation is an autonomous body and should make its own arrangements.

Consumption of drugs in Delhi had increased considerably and the dispensaries were running out of stock again and again. Strengthening of inspection machinery is indicated.

### Medical Benefits—Out-Door Care

#### Doctor-Patient Relations

There is need for an extensive programme of information and education aimed at promoting a better understanding by each side of the difficulties and obligations and rights of the other. Some systematic orientation programmes should be regularly conducted by the corporation for the IMO/IMPs and other medical personnel.

#### Inspection

The Administrative Medical Officers should function more effectively than at present and then must have adequate inspecting staff to make routine checks and to speedily follow up specific complaints.

#### List Of Medicines

There should be only one list of drugs from which the doctors, including specialists, should be required to prescribe. Such a list must be comprehensive enough and must be kept up-to-date by fairly frequent revision.

#### Need For Training In Industrial Health

Steps should be taken to ensure that doctors working in the employees' State Insurance Scheme have proper training in the field of industrial health and medicine.

#### Domiciliary Visits

Steps should be taken to educate the insured persons of their rights and it should be deemed a major default if an IMP/IMO fails to pay a domiciliary visit when called upon to do so unless he can show that the call was a frivolous or vexatious one.

#### Service System Versus Panel System

Service system offers better possibilities of giving satisfactory medical service to the insured persons and their families. However, conditions in some centres are such that adoption of the service system may not be



possib'e. In such places the State Government's should give high priority to the setting up of atleast a few conveniently located service dispensaries and the insured persons may be given a choice whether to enrol with an IMP or at the service dispensary. This, in course of time, will show whether the insured persons under similar conditions show any clear preference for one or the other.

#### **Steps To Make Improvements In Panel System**

It is necessary that early steps are taken to remove the deficiencies that have been noticed in the Panel System.

#### **Rate Of Capitation Fee**

The present capitation fee of Rs. 17.50 per family unit per year is not low and does not need any upward revision at this stage. In areas where capitation fee prescribed at present is only Rs. 13.50 it needs to be revised to make it comparable with the fee paid in other areas.

#### **Inadequacy Of Number Of IPs On The IMP's List**

Any IMP who fails to have at least 100 insured persons on his list at the end of six months, after his enrolment in the Panel, should be removed from the Panel and similarly in any area which already has more than an adequate number of IMPs for the total number of IPs in the area, no new doctors should be admitted to the Panel.

#### **Supply Of Drugs and Medicines**

To meet the extremely unsatisfactory situation in the matter of supply of medicines in the Panel areas the following steps are suggested :

(i) State Governments should establish several drug depots, conveniently located in each panel area. These depots could be located at Government or Municipal hospitals and dispensaries as also at other premises already at the disposal of the State Government ;

(ii) The payment of the bills of approved chemists should be speeded up and time limit for payment fixed ;

(iii) Cooperative consumer stores should be encouraged to enter the field of E.S.I. drug distribution ;

(iv) Approved chemists failing to hold adequate stocks should be removed from the list ;

(v) IMPs should not be permitted to be associated with the sale or distributions of drugs, whether in the scheme or outside ;

(vi) No approved chemists shop should be permitted to have any kind of association with any medical practitioner connected with the E.S.I. Scheme ;

(vii) Representatives of the Employees' State Insu-

rance Corporation should be associated with committees dealing with supply, manufacture, distribution and pricing of drugs.

#### **Inadequacy Of Diagnostic Centres**

The number of diagnostic centres must be increased and then must be brought closer to the insured persons. Rigid time limits should be imposed for various kinds of investigations. Hours of attendance by specialists should also be extended, if necessary, by acquisition of the services of more specialists.

To improve the situation, a panel of specialist should be created. Group practice by specialists should also be permitted. The diagnostic centres may concentrate on pathological work which may be separated from specialist consultation.

The E.S.I. hospitals should also provide diagnostic and specialist consultation facilities for outdoor insured patients.

#### **Inadequacy Of Ambulance Service**

There is a glaring inadequacy of ambulance service. E.S.I. authorities should explore the possibilities of getting some firms interested in the manufacture of ambulance bodies on indigenously manufactured chassis. It is recommended that the E.S.I. Corporation should attend to this since State Governments may not be able to do it expeditiously. The importance of proper upkeep and manning of the ambulances available at present is further stressed so that then may be used to the maximum possible extent.

#### **Medical Benefit : Indoor Medical Care And Treatment In Special Diseases**

#### **Inadequacy Of Hospital Beds**

While there has been some progress in hospital construction during the past four years, the position is still far from satisfactory. The number of beds available is inadequate. The deficit is more shocking in the case of T.B. beds. The deficit is actually increasing as the rate of construction is behind the rate of extension of the scheme. Lack of adequate interest on the part of some State Governments has been one of the principle causes of this poor performance and it is clear that only a radical change in the present approach to the task can offer any hope of significant improvement.

#### **Steps For Expediting Construction Of Hospitals**

To speed up the construction of hospitals following steps should be taken :

(a) The responsibility and initiative should be entirely transferred to the corporation, which should have a civil engineering division to plan and look after

the engineering aspect of the work ;

(b) The Regional Directorates of the Corporation should estimate the bed requirements in their regions, make plans, look for suitable sites and get estimates made etc. As sites are located, after getting approval of the Regional Boards, then should approach the State Governments for their acquisition ;

(c) Corporation should be authorised to call for tenders for actual construction, and to give contracts ;

(d) The Government should give high priority to the Corporation in the allotment of steel and cement for the construction of hospitals ;

(e) The present emphasis on very large hospitals should go. Instead, the Corporation should build a large number of medium and small hospitals even in big industrial centres. Where land is no problem, barrack type construction may further speed up the work. Such medium and small hospitals need not be equipped for all possible Specialities. The few cases that might need more specialised attention can be transferred to the large, well equipped hospitals which have been built in most of the larger centres. The State Governments should set aside space for such medium and small hospitals whenever they undertake any industrial housing projects.

(f) For the industrial workers who live away from the families in industrial housing colonies, one house in the block of workers' houses may be converted into a "sick-bay" and placed under the general supervision of a Medical Officer.

The delay in hospital construction is really a breach of a solemn promise given to the insured persons and a major failure of the Corporation and the State Governments in the discharge of their responsibility.

### **Standards Of Construction Of The E.S.I. Hospitals ;**

#### **Their Staffing And Services**

There should be no difficulty in prescribing reasonable uniform and satisfactory standards in the construction of hospitals, in their staffing and in the standards of services given by them. The Medical Benefit Council should give careful thought to this matter and should evolve suitable and definite norms to be observed in all the States.

The superintendents of all the major E.S.I. hospitals should be enabled to pool their experiences.

### **Complaints And Suggestions Regarding Working Of The E.S.I. Hospitals**

The Regional and Local Medical Benefit Councils with an adequate representation on behalf of the IPs, should be given facilities to keep in touch with the working of the E.S.I. hospitals and to deal with complaints and suggestions regarding them.

### **Treatment For Tuberculosis**

Hospitalisation facilities for T.B. patients under the E.S.I. Scheme are regrettably meagre. Adequate number of T.B. hospitals should be constructed.

Till adequate number of hospitals are constructed, there should be greater emphasis on domiciliary treatment which should be supplemented by better facilities for X-ray and sputum smear examination.

### **Treatment Of Cancer And Mental Diseases**

The Scheme should make standing arrangement with the institutions which specialise in the treatment of cancer and mental diseases on payment of normal fees and the insured persons should get the same standard of treatment and facilities as the other paying patients at these institutions.

### **Provision Of Special Wards In The E.S.I. Hospitals**

Provision of special facilities under the Scheme for the use of insured persons in the higher income bracket is not recommended. Facilities available under the E.S.I. Scheme should be uniform for all insured persons regardless of their income.

The suggestion that the E.S.I. hospitals should have special wards which may insured person could avail of on a prescribed fee is not acceptable.

### **Reservation Of Beds In The E.S.I. Hospitals For Treatment Of General Public**

Surplus beds in E.S.I. hospitals may be made available for the use of the general public on payment by the State Governments. If there is any impediment in the Act against this, that may be removed by suitable modification. It should, however, be ensured that no E.S.I. beneficiary is deprived of the hospitalisation facility simply because the beds have been made available for the general public.

### **Medical Benefits-General**

#### **Preventive And Restorative Care**

The E.S.I. Scheme should address itself to preventive as well as restorative work and should make adequate plans therefore without delay.

The preventive and restorative care may consist of :

(i) Extensive health education programme for the insured persons and their families ;

(ii) Immunisation of infants and children.

(iii) Preventive campaign against tuberculosis starting with centres and areas where the incidence of T.B. is known to be high among the insured populations ;

(iv) Coordination of T.B. preventive service with the public health programme.

### **Analysis Of Morbidity Data**

The Corporation should have a suitable machinery to analyse the data on abnormal incidence for particular ailments in particular areas and States for necessary follow up.

### **Medical Check-Up Of Insured Persons Who Suffer Frequent Spells Of Sickness**

All insured persons who suffer from frequent spells of sickness, should be referred to specialists for complete check-up. Any pathological investigations that may be recommended should be carried out and the insured persons should be put on a regimen prescribed by the specialist.

### **Family Planning**

The E.S.I. Scheme should pay all possible attention to family planning among the insured persons. The details of the programme should be worked out in collaboration with the family planning units of the respective State Governments.

The State Governments should not deny the cash allowance to the insured persons which is being paid to other citizens of the State who undergo sterilisation operation. The payment of cash allowance by the Corporation as an incentive to insured persons for undergoing sterilisation operation is not favoured.

### **Rehabilitation Measures**

The Corporation should undertake an effective programme of rehabilitation, retaining and re-employment of permanently disabled insured persons and institutional rehabilitation care should be provided. Every E.S.I. hospital in centres with an insured population of 50,000 family units or more, should have a properly equipped and staffed rehabilitation unit. Besides, there should be established in bigger industrial centres like Bombay and Calcutta, full-fledged medical rehabilitation centres with arrangement for whole day institutional care.

The medical training institutes in the country should be encouraged and assisted by the Corporation to provide and extend the facilities for specialised training in rehabilitation work on an adequate scale.

### **Health Homes And Convalescent Homes**

The E.S.I. Scheme need not go in for health homes and convalescent homes for the present.

### **Certification By Panel Doctors**

For proper certification, the panel doctors should lay down collectively the standards and enforce them through collective action.

### **Acceptance Of Alternative Evidence Of Incapacity**

An outside certificate submitted by an insured person who has in the past also done so regularly, should be checked upon for genuineness. Similarly, if a particular medical practitioner from a particular place is found to be issuing an unusually large number of certificates, all certificates coming from him should be checked. On the other hand, certificates issued by public hospitals or dispensaries and reputed medical institutions should normally be accepted without question.

### **Supervision Of Medical Care Facilities**

An adequate medical inspecting staff should be provided for detailed and day-to-day supervision of medical facilities. Local Medical Officers should be appointed at all the centres which have an insured population of 25,000 or more.

### **Incapacity References**

Administrative machinery for incapacity references and for general supervision should also belong to the State Governments. The work of incapacity references should form part of the duties of the local medical officers. They should not only assist the Administrative Medical Officer in the supervision and inspection of arrangements, but should also attend to incapacity references received from the local offices of the Corporation.

### **Programme Of Information And Education**

The Corporation should give immediate and adequate attention to developing such programmes of information and education calculated to promote healthy attitude among those who are concerned with the working of the scheme—particularly the insured persons, the doctors and the administering staff.

### **Writing Of Certificates**

The certificates should continue to be written by the medical officers and this work should not be entrusted to clerks. If, however, any simplification of the certification procedure in other respects is possible, it should certainly be tried.

### **Intimation To Employers**

The doctors will find it difficult to send intimation to the employers directly as their patients come from many different establishments and the doctors do not have their addresses. The present practice may be permitted to continue.

### **Text Of Final Certificate**

The text of final certificate may be modified as follows :

## **COMMITTEES AND COMMISSIONS**

"The Insured Person would not require medical treatment and attendance and abstention from work on medical grounds from."

#### **Grant Of Certificate Of Permanent Incapacity**

The insurance doctors may be empowered to grant certificates of permanent incapacity for work, to the insured persons for the purposes of grant of gratuity. Disputed cases may be referred to competent medical specialists under the scheme.

#### **Lapse Of Title To Medical Care**

The Regulations should provide that an insured patient, whether the insured person or a member of his family, will continue to get treatment once started till the spell of sickness ends or in the case of long term ailments, so long as the patient requires active treatment, even if during the treatment the insured person becomes disinterested in medical care.

#### **Supply Of Dentures And Spectacles**

It would neither be practicable nor feasible financially to supply dentures and spectacles free of charge at this stage. There is, however, need to ensure that the facility regarding supply of spectacles on "no profit no loss" basis is actually made available. Similar arrangements for supply of dentures should also be made under the scheme.

#### **Pre-employment Medical Examination**

Pre-employment medical examination is not favoured. Facility for physical check-up should, however, be provided at the time of admission to the scheme. This could suitably be made an occasion for preventive inoculations and prophylactic measures to be followed up with periodical inoculations as may be required.

#### **Employment Of Partially Disabled Persons**

There should be a statutory obligation on employers to continue in employment and to assign suitable work to persons who become partially disabled as a result of industrial accidents in the employers' establishment.

#### **Medical Institutes**

Full-fledged medical colleges should be started at places where there are large and well equipped E.S.I. hospitals, either directly by the E.S.I. Corporation or by the state with the help from the Corporation. In cases where the Corporation contributes financially to medical training, the students or trainees concerned should be under an obligation to serve the E.S.I. Scheme for a specified period which should not be less than 5 years, after achieving full qualifications. The E.S.I. hospitals

should also be utilised for the training of nurses and other para-medical staff.

#### **Minimum Professional Experience For E.S.I. Doctors**

Complaints of the insured persons against being entrusted to the care of raw and inexperienced doctors is legitimate. Doctors posted in E.S.I. dispensaries or hospitals should have not less than 3 years' professional experience.

#### **Adjudication Machinery**

##### **Constitution Of Medical Boards And Medical Appeal Tribunals**

It is not necessary to provide for a further right of appeal to the E.I. Court after the decisions of the Medical Appeal Tribunal. The proposal in the Amending Bill to allow an appeal against the decision of the Medical Board to the E.I. Court also seems unnecessary. Modification of the proposed legislation is suggested accordingly. Disablement questions should be completely taken out of the purview of the E.I. Courts.

##### **Employees' Insurance Courts**

The working of the Employees' Insurance Courts shows that the proceedings are generally prolonged, cumbersome and formal. The common pattern of ordinary Civil Courts is followed which is not suited to a scheme of social insurance where there is more need for promptness rather than precision.

The Employees' Insurance Courts should follow the summary procedure.

The Employees' Insurance Court Rules should provide a time limit of three months for adjudication of claim.

##### **Informal Tribunals**

There are very few disputes regarding payment of benefits which can be entrusted to informal tribunals. Therefore, no change is suggested in the present system.

##### **Decision On Questions Of Coverage And Insurability**

The questions of coverage and insurability should be reserved for the judgment of the Director General. His decision should be final subject only to appeal on questions of Law to the High Court. Where legal enquiry is likely to assist in reaching decision, the Director General may appoint a legal officer to conduct a legal enquiry and report to him.

##### **Book Of Precedents**

Books of precedents which should include brief proceedings and decisions of the E.I. Courts in the various States should be compiled.

## Whole-Time E.I. Courts

The part-time arrangement for the Employees' Insurance court has not been found satisfactory. Whole-time E.I. Courts should be set-up. There should be one or two whole-time E.I. Courts in each State with jurisdiction extending to the whole of the state. If necessary, these may be supplemented by a part-time court.

## Setting Up Of Appeal Tribunals

The delay in setting up of Appeal tribunals is difficult to understand. Immediate steps should be taken to establish Appeal Tribunals in States where these have not so far been set up.

## Composition Of Medical Appeal Tribunals

The Medical Appeal Tribunals should continue to consist of a legal chairman assisted by one or more medical experts and one or more officials of the Trade Unions as assessors.

## Recovery Of Contribution From Employers On Conviction

The Act should provide that on conviction the employer should also be required to pay the contribution not paid in addition to five imprisonment that may be imposed.

## Penalty For Continuous Offence

The employers should be required to submit contribution cards even when the contribution due is recovered through a court decree. Failure to do so should attract a fine which may extend to Rs. 50 per day during which the default continues.

## Employees' Contribution Trust Money

Non-payment of employees' contributions, which has already been deducted by the employer from the wages of the employees, should be treated as a breach of trust and a provision to that effect may be made in the Act itself.

## Application Of Fines

A provision should be made in the E.S.I. Act to the effect that the court imposing any fine may direct that the whole or any part of the fine shall be applied in or towards the payment of costs of the proceedings.

## E.S.I. Contribution-Preferential Payment

The contribution due under the E.S.I. Act for the previous three years should be treated as preferential payment for the distribution of the property of the insolvent or in the distribution of a company being wound up.

## Financial Control And State Contribution

### Autonomy Of The Corporation

To ensure adequate autonomy for the Corporation and expeditions conduct of its business, the E.S.I. Corporation should be able, on its own initiative and decision, to raise funds, to invest money, to allocate expenditure for purposes of the scheme, to plan its objectives, to choose among the available operating alternatives and to formulate its own reserve and appropriation policies, subject to over-all accountability to the Parliament.

### Control By Central Government

The list of items on which the Central Government alone has power to sanction expenditure or where prior approval of the Central Government is required, should be reviewed. While it is essential to keep an overall control with the Central Government, it is desirable to leave the management of the affairs of the corporation in the hands of the representatives of the interests concerned.

### Matters To Be Dealt With By The Central Government

The Central Government need concern itself directly only with the following matters :

- (i) Constitution of the Corporation, the Standing Committee and the Medical Benefit Council, their functions and conduct of their business ;
- (ii) Appointment of the Director General ;
- (iii) Prescribing the form for maintenance of accounts and appointment of auditors ;
- (iv) Publication of accounts and audit reports ;
- (v) Approval of budget estimates.

Steps may be taken to amend the Act and the Central Rules accordingly.

### Investment Of Funds

While safety of the funds is of paramount importance and it has to be ensured that no investment is made in equity shares, the avenues for earning higher rate of interest on funds not immediately required, should not be closed.

### Investment Committee

To evolve a broad-based investment policy, which may give freedom for investing a specific proportion of the available funds in other channels, it is necessary to have a small investment committee of the Corporation to advise the Director General. The powers of approval to deviate from the Rules presently retained by the Central Government, may be transferred to the Corporation.

### Central Government Contribution

The Central Government should bear a fair proportion of the cost of the scheme. The Central Government's share should be on a per capita basis calculated with reference to the total number of employees covered under the scheme from year to year, the amount payable, however, being not less than the aggregate contribution of all the State Governments for medical care.

### State Government's Contribution

The States' share on medical benefit for the insured persons should, in no case, be less than the per capita expenditure on other citizens of the state.

### Provision Of State Share In The Act

The State's share should be specified in the Act itself and not left to any agreement to be arrived at between the Employees' State Insurance Corporation and the State Government. The share of the State Government should be worked out as follows :

(a) 1/3rd of the cost of the medical care for insured persons ;

(b) 2/3rd of the cost of medical care for members of the family of the insured persons ;

(c) The excess cost of sickness benefit to insured persons in the State over the average rate for the country as a whole.

### Administrative Structure

#### Administrative Machinery

The present arrangement of administering the scheme through a statutory autonomous body like the Corporation is the correct one, since it permits the special problems of social insurance being given specialised attention and also ensures a degree of freedom from governmental routine and procedures.

#### Representation Of Interests Concerned

It is necessary to remove the feeling which representatives of the beneficiaries have that the Government representation on the Corporation is disproportionately high while the representation of the workers and employers is not adequate. The employers, employees and the Government, including other interests, should be represented in the ratio of 1:1:2 respectively. The strength of the Corporation should be raised to forty, out of which the employers and the employees should have ten representatives each. The rest may be distributed between the Central and the State Governments, medical profession and members of Parliament.

Routing of correspondence and participating in the deliberations of the Corporation through the Depart-

ment of Labour is an avoidable duplication which can be eliminated by nominating a representative of the Department of Health on the Corporation and by handling all matters dealing with the working of the Employees' State Insurance Scheme in that Department. The Department of Health should, however, take the advice of the Labour Department in all administrative matters and delegate to that Department the work in connection with the grant of exemption and Employees' Insurance Courts.

If an eminent person connected with or having knowledge and experience of the field of activities of the Corporation is included among the nominees of the Central Government, it will strengthen the Corporation.

#### Representation Of Workers And Employers On The Standing Committee

With an increase in the representatives of workers and employers on the Corporation and following the same principle, the number of seats for these interests on the Standing Committee may also be increased to five each. This will raise its strength to 20 members. The remaining ten members will represent the Central and the State Governments and other interests concerned.

#### Nomination Of Medical Experts By The Central Government On The Medical Benefit Council

Considering the specific functions of the Medical Benefit Council, it would be desirable to give more representation to medical experts on this body. The Central Government should, in addition, have powers to nominate on the Council five medical experts who may be specialists in medicine, chest, surgery, orthopaedics and indigenous system of medicine.

#### Participation By The State Government in the Medical Benefit Council

The participation of the State Governments in the deliberations of the Medical Benefit Council should be at the highest level and all State Governments should be represented through their Directors Health Services or the Surgeon-General.

#### Meetings Of The Corporation, Standing Committee And Medical Benefit Council

The Corporation, the Standing Committee and the Medical Benefit Council should meet regularly on due dates and there should be a suitable machinery at the Headquarters office of the Corporation for proper liaison between the functions of these bodies.

#### Constitution Of Regional Boards

In order to ensure adequate representation of the employers and the employees on the Regional Boards

and consistent with the principle enunciated earlier, the Regulations should provide that where the number of employers and employees representatives on the Regional Board is less than three each, including the ex-officio members, the Chairman shall nominate additional representatives of employers and employees to bring their number upto three.

#### **Functions-And Powers Of The Regional Boards**

The Regional Boards should not be encumbered with the day-to-day administration and it is not necessary to delegate to them powers relating to routine administrative matters which could safely be entrusted to the local executives. The Regional Boards should be entrusted with the following specific functions which would be in addition to those already mentioned in the Regulations at present:

(i) Deciding, within the broad framework of the general decisions of the Corporation, questions like geographical extension of the Scheme, any special measure to meet peculiar conditions in the area or Region; improvement in benefits; extension of medical care to families; provision of indoor medical treatment; rehabilitation arrangements for partially disabled insured persons; ensuring compliance by employers and so on;

(ii) Exercising general supervision, without interfering with day-to-day administration, over the operation of the Scheme including working of local offices, processing of permanent disablement benefit cases etc;

(iii) Looking into general grievances and difficulties of insured persons, employers, medical personnel, Corporation staff etc., and promoting healthy relations among them.

The Regional Boards may set up suitable sub-committees for carrying out the different functions and they may also take assistance of the local committees.

#### **Action On The Recommendations Of The Regional Boards And Local Committees—Setting Up Of A Screening Committee Of The Standing Committee**

There should be a systematic consideration of the recommendations of the Regional Boards in the Corporation. The suggestions received from the Regional Boards should be placed before the Standing Committee for consideration and decisions thereon should be communicated to them without delay. Depending on the frequency and volume of such recommendations, the Standing Committee may have a screening committee which could meet more frequently to consider suggestions from the Regional Boards and Local Committees before they are placed before the Standing Committee. Suggestions which are clearly unacceptable should be referred back to the Regional Boards explaining why

they are not being placed before the Standing Committee.

#### **Regional And Local Medical Benefit Councils**

It is necessary to have at least at the regional level expert machinery to advise the regional organisation on medical matters. Suitable Regulations be framed for the constitution of Regional Medical Benefit Councils and for delegation to them of necessary powers and functions to assist in the administration of medical care benefit under the Scheme.

#### **Delegation Of Powers And The Role Of Accounts Officers**

It would be mere expeditions if responsibility was placed on the Regional Directors and the administrative expenditure incurred by them is subjected to audit in the normal way. The Regional Assistant Accounts Officer in the Region should essentially be an audit officer but he should be available to the Regional Director for financial advice where such advice is sought by him.

#### **Organisational Set-Up**

##### **Control Of Administrative Division By A Senior Officer**

The control of the Administrative Division of a senior officer of the status of Principal Officer is a desideratum which needs to be made up without delay.

##### **Professional Experience For Appointment Of Principal Officers**

Reorientation of the administration with bias towards expertise is strongly recommended. Social security administration is a highly technical subject and calls for high degree of professional skill and experience. It is of utmost importance that the Insurance Division is also manned by officers with suitable qualifications, experience and training in social security administration.

##### **Appointment Of Deputy Director General**

It is advisable to provide a deputy to assist the Director General and to coordinate the work of other Technical Divisions.

##### **Appointment Of Principal Officers By The Central Government**

It is unnecessary to burden the Central Government with the responsibility for appointment of Principal Officers. The appointment of Director General alone need to be made by the Central Government. The other Principal Officers should be appointed by the Corporation itself through normal channels.

##### **Financial Adviser**

Absence of Financial Adviser is a deficiency in the

organisational set up of the Corporation. The Chief Accounts Officer is at present performing the functions of the Financial Adviser, though his duties according to the rules laid down by the Central Government are confined to maintenance of accounts and carrying out of internal audit. He should either be designated as Financial Adviser or a separate post created for this purpose.

#### **Statutory Provision Regarding Number Of Officers etc.**

The Corporation should be free to modify its top organisational structure to suit its current requirements. A statutory provision fixing the number and functions of a certain grade of officers irrespective of the size or growth of the organisation is an unusual and unrealistic feature.

#### **Organisation And Method Division**

There is need for strengthening of the machinery for Organisation and Method which would keep procedures under constant review and revision. The O. & M. Division should concentrate on a realistic appraisal of present work standards, potential improvements and simplifications with a conscious effort at economy in costs and operations, exploration of methods suited to the special needs and requirements of the organisation and effecting alternations and adjustments after proper experimentation so as to choose ultimately what best fits the needs of the organisation. In addition, the O. & M. Division should engage itself in studying methods of eliminating the time wastage due to several factors and for prescribing certain minimum standards of efficiency and performance.

#### **Staff Training**

There should be a machinery for staff training. The staff training branch should engage itself in the programme of training of employees not only at the time of initial recruitment but also as a continuing process for intermediate levels and those at the top management level. There should be re-orientation courses, refresher courses and appreciation courses including re-orientation of mental attitude of the staff. There should be inter-regional meetings, seminars, publication of house magazines, participation in international seminars and conferences, availing of the facility for training available under the United Nations Programme of Technical Assistance and under the Colombo Plan and encouragement by means of monetary incentives for professionals training.

#### **Public Relations Machinery**

There is need for creation of a regular public relations

organisation at the Headquarters and at the Regional offices, to disseminate information and experience.

#### **Reorganisation Of Regional Offices**

There is no advantage in retaining Assam as the solitary Grade IV Region. It should be possible to merge it with the West Bengal Region without any difficulty.

The two Grade I Regions viz., Maharashtra and West Bengal, have now become rather unwieldy. Bifurcation of Maharashtra region with two Regional Directors separately incharge of defined areas would be more purposeful. West Bengal Region should also be subdivided into two Regions—one comprising of Calcutta and Howrah and other of 24-Parganas and Hooghly.

It may be useful to amalgamate Bihar with Orissa and Delhi with Rajasthan Region.

After bifurcation and consolidation of the Region, all the Regions would be of practically the same grade and can have a uniform staffing pattern.

#### **Status Of Regional Directors**

There is great need for an effective and continuous liaison between the Corporation and the State authorities. It is possible only if the Regional Directors are of sufficient status who can effectively represent and commit the Corporation in negotiations with the State Governments.

#### **Zonal Set-Up**

It will be necessary to decentralise the functions of the Central Headquarters Office. For an effective decentralised machinery the country should be divided into four zones, the zonal offices being in Delhi, Bombay, Calcutta and Madras. The Regional Offices may then be renamed as Divisional Offices under the control of the Zonal Offices. The chief executive officer of the Zonal Office may be designated as Zonal Commissioner who may be of the same status as the Principal Officers at the Headquarters.

#### **Set-Up At The Headquarters**

The set-up at the Headquarters is essentially clerk-oriented. The set-up and the staffing and working methods must be systematised and carefully replanned. There is no merit in imitating the customary government procedures and practices which are completely unsuited to the Corporation's working. The staffing pattern at the Headquarters should be more officer-oriented. Excessive noting should be done away with. If a decision has to be taken at the level of a Principal Officer, the initial examination of the reference may be by the Section Officer. Officers should be required to do more original work and clerical assistance need be



provided mainly for connecting relevant files, precedents and references. Officers who have an aptitude for independent and quick decision and for work connected with policy and planning should be considered particularly fit for the Headquarters.

The provision of a Section Officer and another Junior Officer (Assistant Insurance Commissioner, Assistant Medical Commissioner, Deputy Administrative Officer or Assistant Accounts Officer) to supervise the work of each Section is a peculiar feature which is both unusual and unnecessary. Papers from Section Officer should pass directly to the deputy Principal Officer. If necessary, there may be two or more deputies to assist the Principal Officer. The Corporation should give this matter serious consideration and the posts of Assistant Insurance Commissioner etc., in the Headquarters should be abolished.

### Double File System

The double file system could be reduced to the minimum. The system may, however, continue as far as policy files and others of a long-term value are concerned. The system of *de-novo* examination of inter-Division references at clerical levels should be avoided and a file referred to the other Divisions for advice should be dealt with at the level equal to or higher than the level at which the reference has come.

There should be a Central Registry at the Headquarters which would make it unnecessary for papers to be diarised once again in the branches.

The remarks regarding double file system, the system of *de-novo* examination of inter-division references to clerical level and the desirability of maintaining a Central Registry equally apply to the Regional Offices.

### Set-Up Of Regional Office

The set-up at the top should consist of a Regional Director assisted by a Deputy of an appropriate status and such number of Branch Officers (DRD/ARDs) as may be considered necessary.

### Survey Branch

Each Regional Office should have a survey branch under the control of an officer of the rank of a Deputy or an Assistant Regional Director. This branch should arrange a periodical survey of each local office in the region by a team of officers, the chief of which should be of a status equal to or higher than that of local office manager whose work is to be inspected.

### Staff complements for the local offices

It is necessary to evolve a proper scientific system of staff requirement. The local offices should send a periodical return of the items of work attended to.

These returns should be consolidated at the Headquarters and based on the estimated time involved in each operation total requirement of staff complement for the Region may be worked out once at the end of each year. The Regional Director may then be left free to distribute the staff to the local offices on the basis of the work load in each local office.

### Provision Of Office Accommodation And Equipment

Most local offices are housed in premises which have been improvised for the purpose. The space available is neither adequate nor entirely suitable for the business to be conducted. The execution of the plan for construction of regional offices and local offices is extremely slow and needs expedition. In most of the offices the equipment particularly the steel cabinets for storage of benefit files and contribution cards etc., is not sufficient. The Regional Directors should carefully work-out the requirement of the filing equipment and ensure their provision to the local offices. The records which are not required should be weeded out.

### Staff Quarters

The construction of staff quarters and pending the construction, the arrangement for hiring buildings for letting out to the staff should be given due attention. This is a matter which merits urgent and careful attention of the Corporation.

### Pay And Allowances

There is some discontentment among the employees of the Corporation in the matter of their service conditions. It is imperative that for the success of the scheme, the Corporation has full and whole-hearted cooperation of the staff. The employees naturally look forward to improvement in their emoluments commensurate with their responsibilities. The officers seem to be particularly sore on lack of sufficient avenues of promotion and lack of immediate monetary benefit even on promotion due to overlapping of scales of pay. The Corporation should settle these matters in consultation with the organisations of their employees. The Corporation should give due consideration to all these matters.

### Recruitment

The Corporation should fill up 75% of the posts at the lowest Class I level (A.I.C., D.R.D. etc.) from outside and 25% by departmental promotion. Higher posts should be filled 100% by departmental promotion.

The present provision regarding appointment to the posts carrying a maximum pay of Rs. 500 and above being made in consultation with the Union Public Service Commission should be amended. The Cor-

poration should be free to recruit its staff through its own Service Selection Board.

### **Administrative Expenditure**

There is scope for economy in administration. Efforts should be made to obtain maximum results. The officers of the Corporation particularly at the middle and lower levels and those deployed in the field must be oriented towards need for economy in administrative expenditure. There is a tendency in the Corporation to duplicate nearly every step in the process of work by providing for 100% checking. While certain processes do require checking of the original operation, most others need not be duplicated.

Institution of internal audit is another item which may be carefully reviewed with a view to rationalising the work and reducing the quantum of staff deployed thereon.

### **Comprehensive Scheme Of Social Security**

#### **Planning For Comprehensive Social Security Scheme**

Plans are already under consideration for the introduction of limited schemes of unemployment insurance and old-age pensions. A caution is necessary against any haphazard and unplanned growth as was the case in many other countries. We should take advantage of a late start, learn from the experience of other countries and plan on the basis of a unified scheme. It would be wasteful to follow the process of evolution undergone by other countries. The seed of the idea to evolve a comprehensive social security scheme, covering, in a single enactment, various risks of cessation of income or wage less to which a wage-earner is exposed, have already been sown and planning can and should now proceed on this basis.

#### **Economy In Administrative Cost**

Economy in administrative costs is bound to flow from an administrative merger of the Employees' State Insurance Corporation and the Employees' Provident Fund Organisation.

#### **Administrative Convenience**

Both employers and workers would find it more

convenient to deal with a single administrative agency and inspectorate and supervisory staff if the schemes were unified.

### **Maintenance Of Separate Funds And Accounts**

As a safeguard against the use of funds means for long term benefits for the health insurance scheme, there may be a provision in the legislation itself that the funds for the two types of schemes should be kept separate. There should be no mixing up of funds. The contributions may be received in a single combined payment but the respective shares should be credited to the two accounts.

### **Administrative Merger Of The E.S.I. Scheme And The E.P.F. Scheme**

Action should be initiated forth with to bring about an administrative merger of the two Schemes. Steps should be taken to examine the problem in all its details and to accomplish this with the least delay.

### **Merger Of Coal Mines Provident Fund etc. In The Unified Schemes**

Merger of the Coal Mines Provident Fund and the Assam Tea Plantations Provident Fund with the Employees' State Insurance Scheme may be postponed for the time being.

### **Review And Simplification Of The Comprehensive Scheme And Standardisation Of Rates Of Benefits And Contributions**

It will be necessary to revise the Scheme to make it simple for both those who have to administer it and for those who have to benefit by it. The cost of the Scheme will have to be worked out afresh on the basis of the latest available mortality tables and the expected yield on investments in the future.

### **Expert Machinery**

The Government should, in consultation with the Indian Labour Conference, set up an expert machinery to evolve a "blue print" for a comprehensive scheme of social security, which should also form a strong financial and administrative base for inclusion of benefits which are at present not available.

# COMMITTEE ON MANGANESE ORE, 1963—REPORT

Delhi, Manager of Publications, 1966. 152p.

**Chairman :** Shri M. Butt (replaced by Shri R.N. Vasudeva).

**Members :** Shri T.V. Rama Rao; Shri S. Rajagopalan (replaced by Shri H.P. Sathaye); Shri R.S. Stead (resigned); Shri S. Lal; Shri J.C. Gandhi; Shri K. Sadagopan;

**Secretary :** Shri A.M. Hussain.

## APPOINTMENT

The export trade in Indian manganese ore has been passing through a period of recession from 1958 onwards. Exports which were valued at about Rs. 32 crores in 1957 dropped to a figure of Rs. 14 crores in 1960 and later in 1963 declined to an all-time low level of Rs. 8.00 crores. The situation, as it developed became a matter of great concern to Government. It also came up for a general review at the periodical deliberations of the Board of Trade of the Ministry of Commerce. It was increasingly felt that besides taking short term measures, it would be desirable to make a comprehensive study of the problems of manganese mining industry with particular reference to the need for reducing costs in the face of growing competition from other manganese producing countries. It is against this background that the late Ministry of Commerce and Industry in consultation with the then Ministry of Mines and Fuel (now Department of Mines and Metals) constituted a special committee i.e. "Committee on Manganese Ore" under the Government of India Resolution No. 20 (3)/63-BOT dated June 29, 1963.

## TERMS OF REFERENCE

(i) To review and report on the present state of affairs of the manganese mining industry in all sectors such as mining, labour, transportation, port facilities etc. in so far as any of those aspects has a bearing on export of manganese ore;

(ii) To examine the projected developmental measures that are contemplated by the industry in the next five year period;

(iii) To study the nature and extent of the competition being faced by the industry in export trade in some of our principal export trade markets such as U.S.A., Japan and U.K.;

(iv) To examine, if possible, the conditions obtaining in the countries which are our principal competitors and assess the impact of the developments in those countries in our own exports; and

(v) To recommend on the basis of (i), (ii), (iii) and (iv) above, appropriate measures for the rationalisation and modernisation of the manganese mining industry in its various sectors (such as labour, management of mines, blending and beneficiation, transportation including facilities at ports) with a view to securing a firm position for the industry in the foreign markets.

## CONTENTS

Introduction ; World Resources of Manganese Ore—A Survey of Reserves in India and other countries ; Physical and Chemical characteristics of Manganese Ore ; Uses and Specifications ; Beneficiation and Blending ; Transportation and Port Handling ; Mining, Mines Management and Mine Financing ; Mining Legislation and Fiscal Levies ; Marketing ; Conclusions and Recommendations ; Maps ; Corrigendum.

## RECOMMENDATIONS

**World Resources Of Manganese Ore—A Survey Of Reserves in Indian and Other Countries**

### Conclusions

Almost seventy per cent of the world resources of manganese ore is accounted for by the USSR and the remaining thirty per cent is distributed among various other countries chiefly India, Brazil, Ghana, Union of South Africa, Union of Galon and Morocco

During recent years, large scale prospecting operations have been carried out in some of these countries which have resulted in considerable additions to the known resources of manganese ore. According to the Mining Journal Annual Review—1963, the manganese ore resources of the USSR, were estimated at 2,000 million tons in 1961. This represents a great advance over the 1956 estimate of 550 million tons of 28-50% Mn.

The resources at Amapa, Brazil are estimated at 14 million tons of ore with 45 to 47% Mn. Besides, additional reserves are reported to have been discovered recently underlying the known deposits at Amapa mines which is the largest producer of manganese in the Western hemisphere. The Bethlehem Steel (U.S.A.) are associated with development and mining of these deposits.

Very promising manganese ore deposits have recently been discovered at Maonda, Gabon. These deposits

are among the largest and richest in the world. Reserves of the order of 200 million tons of ore of 50% Mn. have been estimated. These deposits are being explored and exploited by the Compagnie Minière de Logone (Comilog) in which U.S. Steel has a major interest.

All major steel producing countries of the world excepting U.S.S.R. and China continue to have either very poor or no resources of manganese ore.

The United States of America has several large deposits of low grade refractory material containing sizeable quantities of manganese which could be recovered only under favourable conditions of improved technology, higher prices or both.

## RECOMMENDATION

Intensive exploration of manganese bearing areas in India is necessary for proving additional reserves. Government should accord high priority to exploration of manganese ore through the agencies of the Geological Survey of India, Indian Bureau of Mines and State Government's departments of geology in this respect.

Large scale mapping followed by exploratory drilling is the well established procedure. Geo-chemical and Geo-physical survey techniques should be pressed into service where possible. Magnetic and gravity surveys conducted by the Geological Survey of India have yielded good results in Madhya Pradesh and Andhra Pradesh. It will be useful if the results of these surveys could be made available to interested prospectors and mining interests through the medium of published monographs.

From the point of view of economics of exports, it will be necessary to accord priority to exploration of these deposits which are located near the sea coast, as for example in Mysore (North Kanara) and Goa. To meet the indigenous requirements of ferro-manganese producers and the steel plants, similarly, particular attention would have to be given to deposits in close proximity to these plants. Some of these 'near plant' deposits could serve, with advantage to industry, as a captive source for the ferro-manganese producers and steel mills.

## Physical and Chemical Characteristics of Manganese Ores :

### Conclusions

Indian manganese ores are fairly hard, lumpy and easily reducible; these characteristics are favourable for smelting ferro-manganese.

Indian ores have, however, low Mn : Fe ratio of generally 6 : 1 as compared to Caucasian ore ratio of 50 : 1, Ghana 10 : 1 and Brazil 10 : 1. This is below specifications for the manufacture of ferro-manganese,

which requires a high Mn-Fe ratio.

High phosphorus ores especially of Andhra Pradesh and Panch Mahals are also not very suitable for ferro manganese industry.

In view of these characteristics of ores, blending of ores of various grades is a necessity.

## RECOMMENDATIONS

There is ample scope for blending ores of different types to produce standard mixtures with acceptable percentages of various constituents, particularly manganese, iron and phosphorous. Blending operations if they are to be productive of optimum results, would require careful control of the grade of ingredients, i.e., different types of ores which go into the final mixture. This will be greatly facilitated if the entire operation is carried out by or under the direction of an expert agency which has control of or access to the different grades of ores.

Blending of ores should be done at a few selected points having regard to the extent and quality of production from particular manganese producing areas. Variation in composition of the ores is no bar to blending. In fact such variations within a certain range provide scope for ingenuity of the "blender". It is possible to mix ores for production of a few standard grades acceptable to the foreign buyers. Some of the well known grades are 'Oriental' and 'standard' mixture of MOIL and CPMO, 'Sandur A' and 'Sandur B' of Messers. Sandur Manganese and Iron Ore (P) Ltd.

There is great scope for beneficiation of ores which deserves more attention than hitherto. Full details of the problems of beneficiation have been discussed under Chapter V.

There is need for intensive research to achieve reduction of phosphorous content of ores. The Indian Bureau of Mines should be asked to pay special attention to this matter and undertake further research. The National Metallurgical Laboratory has recently commissioned an integrated pilot plant on the beneficiation of low grade manganese ores at a capital cost of Rs. 35.00 lakhs. The N.M.L. could be requested to conduct studies into the methods of reducing phosphorous.

## Beneficiation and Blending

### Conclusions

Almost all important manganese ore producing countries of the world such as Brazil, Galon, Ghana etc. undertake beneficiation processes which do not result in the production of concentrate fines. Coarse concentrates do not require agglomeration.

In Brazil, the preparation of ore consists of crushing,

screening, washing and dewatering. Almost a similar process is followed in Gabon. Ores are washed to remove clay impurities in Ghana.

Russian ores require crushing, washing and agglomeration of fine concentrates. At times flotation, jigging and tabling is also employed.

In India the main operations are breaking and hand sorting. Jigging and washing are employed on a limited scale. There is only one heavy media separation plant in the country.

From the point of view of beneficiation, the Indian Ores have broadly been divided into four groups i.e., simple, ferruginous, garnetiferous and complex. From the work carried out by the National Metallurgical Laboratory and the Indian Bureau of Mines, it is seen that only a small proportion of the manganese ores in India can be classified under simple ore requiring comparatively simple treatment like gravity concentration etc. There is a preponderance of ferruginous and garnetiferous ores and these require more elaborate and costly beneficiation plants. From the data of research work, however, it can be seen that most of the ores are amenable to beneficiation and the concentrates obtained are generally suitable for ferro-manganese production. The concentrates of the complex ores would need blending with other suitable concentrates to meet the specifications.

## RECOMMENDATIONS

The problem of beneficiation in India has to be viewed in two ways (a) production of beneficiated coarse concentrates (b) production of concentrate fines and their agglomeration.

The former should receive immediate attention. The lump ores could be up graded to a considerable extent by crushing, screening, washing and jigging. Such ores could be carefully blended with ores from other regions to produce clean standard grade ore required by the foreign buyers. This may not be feasible in the present state of affairs of the industry where the bulk of production is accounted for by a very large number of producers and exports are similarly handled by numerous exporters. In the circumstances, beneficiation of ores and expert blending of different ores could be successfully undertaken only by a cooperative organisation of producers and exporters of manganese or any other centralised agency which would have resources, organisation and expertise to handle ores from a large number of mines and adopt beneficiation techniques at reasonable cost without affecting the economics of export. It should be possible to set up in North Kanara, Orissa, Madhya Pradesh and Maharashtra a few relatively simple beneficiation units employing crushing, screening, jigging and washing

techniques.

Heavy media separation holds considerable promise. It can serve as a pre-concentration unit to reject waste rock from the run of mine ore and deliver an enriched sink for further concentration. It thus allows for indiscriminate mining without any laborious selection. By discarding the waste rock at an early stage, the mill gets an enriched feed and, for the same throughput, a larger production is obtained. This process brings about a greater reduction in the amount of material passing through the various crushing, grinding and concentration plants. It is applicable only to those areas in which a fair amount of mineral is liberated at coarse size. The minerals should also be separable at specific gravity less than 3.3. Manganese minerals of India generally possess a specific gravity of about 4 and therefore can be concentrated by heavy media separation from quartzitic or schistose rocks. The Committee recommends installation of a few more heavy media separation plants in Madhya Pradesh and Maharashtra region.

It may be possible to blend North Kanara ores with Panchmahal ores, and Orissa ores with Srikakulam ores. Due to wide variations in the composition of ores from one mine to the other, it may also be possible to blend ore locally in accordance with a carefully drawn up detailed scheme.

As has already been stated above different categories of manganese ores of India are amenable to beneficiation. The beneficiated ore, i.e. concentrate, is in the form of powder which would have to be agglomerated before use. Concentrates of complex ores would need careful blending. The Committee recommends the beneficiation of such ores and its use in the ferro-manganese plants after suitable agglomeration in the country. This would release lumpy ores for exports. The prospects of exporting agglomerated or nodulised concentrates could also be explored.

This Committee notes that a committee constituted in 1957 under the erstwhile Ministry of Natural Resources and Scientific Research, had gone into the problem of the beneficiation of low grade manganese ore particularly ores from Karwar, Madhya Pradesh and Rajasthan. The Committee had recommended, inter alia, the installation of pilot plants at Nagpur and Jamshedpur for pilot plant studies on low grade manganese ore by the Indian Bureau of Mines and National Metallurgical Laboratory. Based on these studies, the setting up of beneficiation plants was also advocated. This Committee observes that, although a couple of years have lapsed, no progress seems to have been made on the above recommendations.

It is recommended that pilot plant studies on low grade manganese ores for various regions in India

should be completed by the Indian Bureau of Mines and the National Metallurgical Laboratory on top priority basis and the designs of beneficiation plants should be worked out by them. The new agency should take care of the matters connected with installation and working of these plants.

The Committee recommends that concessional royalty rate should be charged for beneficiated ore in order to provide an incentive for adopting beneficiation techniques to upgrade low quality ore. This could be fixed at 50% of the rate of royalty applicable to the grade of unbeneficiated ore.

The other incentive in the form of special railway freight rate for ore meant for beneficiation is also to be recommended. This is necessary because for one ton of beneficiated ore about 3 tons of low grade ore have to be transported. This may be fixed at 50 per cent of the prevailing freight rate for exports.

In order to ensure a regular supply of the feed of low grade ore for the beneficiation plants, it will be desirable to attach suitable captive sources of supply to such plants. In case of large efficient units, preference in the matter of grant of leases of additional areas should also be accorded.

### Transportation and Port Handling

#### Conclusions

The cost of transportation has always been regarded as one of the major factors in the F.O.B. cost which determines the competitive position of Indian minerals in foreign markets. In other manganese ore producing countries of the world such as Russia, Brazil, Galon, Union of South Africa and Ghana, great advance has been made in the development of transport facility.

For transporting ore from the mines to the rail-head, use is made of the aerial ropeways on an extensive scale. For example, the mining areas of Chiature (Georgia, Russia) are serviced by an aerial tramway to a 21 mile spur of the main line of the Trans Caucasus railways. In Galon, a 45 mile cable-way with a capacity of 850,000 tons a year has been built to carry the ore from the mines near Franceville to rail-head at 'M' Binde. In India rope-ways have been used to a very limited extent. M/S Manganese Ore India Ltd., are operating two rope-ways from their Ukwa mine to Bharweli siding, a distance of 18 miles and from Ramdungri mine to Gumgaon mine, a distance of about a mile. M/s Sandur Manganese and Iron Ores (P) Ltd., have two rope-ways 8,000 ft. and 10,000 ft. each at their Sandur mines, Mysore. The rest of the producers have to transport ore by road to the rail-head excepting one or two large firms who have railway sidings near the mines. The average ton-mile cost of road transportation is

Re. 0.75.

In almost all manganese producing countries, ore is transported by rail to the ports for export. In Brazil a railway line of more than 200 km has been constructed from the Amapa mines to the Ports Macapa. In Galon, 180 mile rail road has been built from 'M' Binda to a junction point near Dollisic on the Congo Ocean rail road which runs into Atlantic Port of Point Noire. In Russia Trans-Caucasus Railways carry ores from Chiature area to Betum (125 miles) or Poti (90 miles) on the Black Sea. The ores in Ghana are transported on Sekondi-Kumasi railway line to Tekoradi port, a distance of 39 miles. There have been innovations in the use of rail equipments for the handling and carriage of ores. At Amapa, Brazil the washed ore is drawn from the bottom of 550 tons ore bins into railroad cars on a single loading track under the bins which is designed with a slight grade permitting an entire ore train to be loaded and assembled by gravity with no locomotive required. A 70 tons car can be loaded in one minute. The ore reaches the port in 70 tons bottom dump cars.

The expenditure on transportation of ore from mine to the port is an insignificant factor of cost in other countries. The rail-haul is comparatively short. In India, excepting in Andhra Pradesh and Goa, ore has to cover an average distance of more than 400 kms. before it is shipped from the port. Similarly the freight cost per ton of ore is in the neighbourhood of Rs. 18.00.

Steady increase in the size of vessels is bringing about a marked reduction in the ocean freight and shipment of ore. Improved facilities for handling cargo is another factor which has a beneficial effect on the competitive position of minerals in the world market.

In India the port charges generally approximate to Rs. 10.00 per ton as compared to \$ 1.00 a ton at most of the ports of other countries. The loading rate at the Indian ports is in the neighbourhood of 600 tons per day as against the loading rate of 2,000 tons per day at Portos Macapa, Brazil and 4,000 tons per day at Port Elizabeth, South Africa. Production from Galon is shipped through the Atlantic Ocean Port of Point Noire where automatic loading facilities have been installed. Ghana ores are exported through the Port of Tekoradi which has excellent mechanical facilities for handling limited traffic. The slow loading rate at the Indian ports results in abnormally slow turn around of vessels which makes for less favourable freight terms.

#### RECOMMENDATIONS

Road Transport : (a) In India, mining areas have the poorest roads and this is responsible for high maintenance charges and fuel consumption for transport

vehicles. The Committee recommends that intensive road construction or improvement programmes for mining areas should be undertaken. As far as possible new roads should be built to support heavy traffic. Increasingly, the present light trucks would have to give place to heavy diesels. During the study tour of Orissa mining areas the Committee inspected Joda-Dubna Road under construction by the State Government and it was found that this road was not very suitable for heavy ore traffic. The matter has already been brought to the notice of the State Government. It may be desirable for the Central Government to ask the State Governments to particularly bear in mind the needs of heavy load traffic when they implement their road programmes.

Apart from the construction of new roads, it would be essential to modernise existing roads in mining areas. Attention of the State Governments may be immediately drawn to this aspect. During its tour of Mysore State, the Committee had an opportunity to recommend to the State Government the importance of the repairs of Joida Diggi road and construction of an additional 8 miles road-link to the road on Goa side. The Committee hopes that the State Government would find it possible to accept and implement the suggestions. Similarly there is a strong case for modernising the existing tract between Sarkunda area and newly opened railway station at Barsua in Orissa State for manganese ore traffic in Orissa.

The Committee is of the view that the Planning Commission should utilise funds at their disposal in consultation with the State Governments and Ministry of Steel and Mines for construction of new roads, as also repairs to and modernisation of the old roads for movement of manganese in various areas.

The Minerals and Metals Trading Corporation should be provided with certain funds by Government for giving grants to mine owners or for the construction of new roads and modernisation of the existing roads in the mining areas in consultation with the Ministry of Steel and Mines.

Apart from the construction of the main roads in the mining areas as outlined above, attention may also be given to the construction of access roads to an individual mine or group of mines. But the development of such feeder roads upto a distance of 5 miles from the mines should be the responsibility of the individual mine owner or group of mine owners who will be the principal beneficiaries.

**Rail Transport :** (b) The incidence of railway freight has been a subject of great controversy between the representatives of the industries and the railway authorities. The former are of the view that the railway freight has steadily registered a disproportionate in-

crease, but the latter have contended that this is the result of a general rise in basic costs and that the present rates barely meet the operational expenditure.

The Committee is of the view that frequent changes in freight rates have subjected manganese industry to unforeseen additional strain. As manganese is a sensitive commodity in the world market, these frequent changes must be avoided in future as far as possible. Although, the present concessional rates are considered somewhat excessive and do not satisfy certain sections of the industry, the Committee recommends, as a compromise, that there should be no increase beyond the level of the current rate (as effective from 1-4-63) for another five years from now.

The Committee is of the view that the railways have to keep abreast of the problems of industry while allotting wagons and insisting on the movement of ore in a rake of box wagons, for the reasons already explained in this chapter.

It would be essential that the wagons are supplied at each separate loading point as per the indent of the producer or prorata thereof to enable him to take his ore at the port in a definite proportion for blending etc.

The insistence of the railways on the use of rake of box wagons has created another problem. At the port, the stacking space frontage for a particular party being limited, it is not possible to take rakes for unloading. This results in serious delays in the supply of right type of ore. The Committee recommends that depending on the merit of the case four wheelers may be allowed for manganese ore movements.

It is further recommended that separate sidings should be provided for manganese ore at all the important loading point and weighing facilities given wherever possible.

**Rope-ways :** (c) As Rope-ways are relatively economical modes of transport, suitable surveys should be carried out in selected mining areas for installation of rope-ways systems.

**Ocean Transport :** (d) It is the considered view of the Committee that facilities at the ports should be improved so that a ship can be loaded in two days. The Committee feels that the port authorities are in a better position to plan necessary improvements. Plans for modernisation of loading facilities and berthing of large carriers are already under discussion in relation to particular commodities such as iron ore. The Committee recommends that the needs of manganese ore should also be kept in view when such plans are drawn up and implemented.

All present manganese ore is generally exported in liners of about 10,000 tons capacity as against charters of 30,000 tons capacity in other countries. The rates of liners are generally much higher as compared to o

charters. There would be appreciable reduction in c.i.f. cost if manganese ore is exported in charters of 20,000 tons capacity. Interest of manganese trade has suffered partly due to a multiplicity of exporters selling small packages in different markets. Now that Government have taken a decision to canalise all trade of manganese through two public sector agencies i.e. Minerals and Metals Trading Corporation and Manganese Ore (India) Limited, it should be possible to secure better prices for Indian manganese ore through a co-ordinated operation in the traditional and new markets. It should also be possible to achieve economies of large charters.

There is no room for any increase in port charges.

#### Port-wise Recommendations

**Visakhapatnam :** An important point which came to the notice of the Committee during its tour was the difficulties experienced by the exporters due to the insistence of the railway to transport ore in rake of box wagons. The Committee recommends that, on account of the peculiarities of this trade arising out of the numerous grades and a need for their blending, the railways should not insist on rakes and they should allow the movement of ores on four wheelers.

There is uniform skip rate of Rs. 2.00 per skip both for high grade and low grade ores at the port. The Committee recommends that there should be another slab for low grade ores.

**Madras Port :** The Committee recommends that berth South Quay may be used for manganese ore shipment. Stocking space of 10,000 tonnes is available at the key of the basin but the vessels may be mainly fed from the present manganese depot which is about a mile away. In the event of contingencies stocks at the key should be used. Thus the loading time will be minimised as also the loading rate will increase. The Committee further recommends that ore may be brought from Manganese depot on trollies with flat tubs.

The port officials informed the Committee that as soon as iron ore programme is completed, Scoda cranes would be available. Shift derricks would also be available and work can be started as soon as basin is ready. The Committee recommends the implementation of these programmes.

The Committee is confident that a loading rate of 3,000 tonnes per day can be achieved at Madras Port if the above suggestions are implemented. Although the present traffic of manganese ore at the port is limited, more of it will be attracted once higher loading rate and better facilities are achieved.

The port charges at Madras are high because of high labour cost. The Committee feels that this can be cut down if idle labour hours are avoided.

**Calcutta Port :** The Committee recommends that

there should be complete coordination between the port officials and the shippers in order to attain efficiency at the port. The sailing dates, the quantity to be loaded and the type of ships requisitioned should be made available to the port officials well in advance.

The railway should provide four wheelers instead of box wagons.

The stocking depot for manganese ore is in close proximity to other minerals such as iron ore and the chances of contamination are serious. Manganese ore should be so stocked as to avoid any contamination.

**Bombay Port :** The movement of vessels from one berth to the other for loading results in abnormal delays at the port. It is suggested that dredging may be done in some cases. The movement of vessels consumes considerable time and the shippers have to undergo lot of difficulties. Quick loading and unloading is an important element which has to be considered. The Committee recommends that the port authorities may take into consideration the above points while planning modernisation programmes.

The Committee recommends that the existing wagons of the trust railway, most of which are in an advanced stage of dilapidations, may be immediately replaced by 100 K. L. type wagons to be procured from railways.

The weigh-bridge provided by the Trust is inaccurate giving shortages amounting to 5 per cent. The Committee recommends that either two weigh-bridges should be maintained or alternatively, an automatic recorder should be provided at the existing weigh-bridge, or a weigh-bridge with punch card system may be installed.

It may be possible to use grab fitted mobile cranes for loading and unloading wagons.

**Marmugao Port :** The Committee is of the view that Marmugao Port can handle larger quantities of manganese by wagons and barges combined. Low grade ores of North Kanara, Mysore and also Sandur ores may be exported through this port. Necessary facilities may be provided for this.

#### Minnig, Mine Management and Mine Financing Conclusions

Manganese Mining Operations in various parts of the world cover a wide range of modes of production, from manual quarrying dating back to about a century to modern sophisticated methods and techniques. The major portion of world's manganese ore production is, however, derived from open pit or shallow underground workings.

Open pit mining is the pattern which obtains in case of the majority of mines in India, South Africa, Brazil and Congo. Underground mining is generally the rule in USSR, USA, Chile, Morocco, Cuba and is also a prominent feature of a few important deposits in



India.

The Russian mines have been developed to an annual production capacity of ten million tons. Brazilian and Gabonese mines are at present geared for a million ton each per annum.

In India, small mines are a pre-dominant feature of the manganese industry. In the year 1962, 475 mines accounted for a total production of 1.2 million tons out of which small-scale units producing less than 10,000 tons per year were responsible for 48% of the production. There were only two mines with annual production range of 60,000 tons.

In a highly competitive market as manganese, only sizeable units which can adopt modern techniques of mining and realise economies of scale can afford to remain in production in the long run.

With the exception of a few companies, majority of mine-owners have slender financial resources, which at times are supplemented by financial assistance from promoters. The total capital investment in manganese industry would be of the order of Rs. 5 crores only. As against this investment in the development of Brazilian deposits amounted to \$ 50 million in 1958 for a production of about 600,000 tons of manganese ore and in Galon in 1961 a capital outlay of \$ 12 million was in relation to a production of 500,000 tons (expandable to one million ton) per annum.

## RECOMMENDATIONS

In order that Indian manganese industry may face the present competitive conditions of world market, it is necessary for mining units to adopt scientific techniques of mining and operate on an economic scale of production.

As all mine-owners are not in a position to acquire, service and maintain costly mining machinery such as bulldozers, compressors, transport vehicles, pneumatic rock drills etc., it should be possible to constitute a pool of such essential equipments at a central point from where it could be handled by either a cooperative of manganese miners or a Government department like the Indian Bureau of Mines or a public undertaking like the M.M.T.C., who are at present, the largest single organisation for buying and marketing of manganese ore.

The present concession of intitlement for import of mining machinery against 10 per cent of foreign exchange earnings, should be extended upto 25 per cent of the value of exports.

Cooperative departments of the State Governments or Central Agencies responsible for production or procurement or marketing should provide necessary leadership for organising wherever possible, small mining units into cooperative societies for one or

several purposes e.g., provision of capital finance, purchase of equipment, operational know-how marketing and sales.

To encourage mechanisation and adoption of modern scientific techniques, Government might consider a suitable scheme of fiscal and tax incentives.

For major ore deposits containing reserves of two to 2.5 million tonnes or higher the economic scale of production of a mechanised mine would be of the order of 50,000 tonnes per annum. In case of smaller deposits containing reserves of the order of one to 2 million tons an annual production of 30,000 tonnes could be planned on partially mechanised or un-mechanised basis.

To meet the requirements of capital investment on equipment and machinery, the existing agencies like Industrial Credit and Investment Corporation, National Investment Development Corporation and Industrial Finance Corporation should be specially oriented to look after the needs of manganese industry. Taking into consideration the conditions of the mining industry in the country in general, the Committee feels that there might be a case for the creation of a Mining Finance Corporation in the Fourth Plan which would particularly cater to the needs of mining industry in all important basic minerals.

## Mining Legislation and Fiscal Levies

### Conclusions

Considering the risks and hazards inherent in mining ventures, it is important that suitable incentives should be built in mining and fiscal laws to attract enterprising prospectors and to induce entrepreneurs to deploy their managerial skills and capital resources in the field.

Besides direct governmental levies such as royalty, income-tax, sales tax etc., stringent legislation on mineral disposition, safety and labour amenities are adversely affecting the exports of manganese.

**Income Tax :** In most of the advanced countries a new mine is given the opportunity to recover, before the imposition of taxes, a large part of the capital expenditure. A three year tax-exempt period for new mines, income tax allowances for pre-production costs generous depletion and depreciation allowances are some of the concessions given to the mining industry in Canada. Similar reliefs are also available in Australia, U.S.A., U.K. etc.

In India the Income Tax Act, 1961 and the Income Tax Rules, 1962, provide only for depreciation allowance and development relate which are much low as compared to other countries. A few other con-

censsions prevalent in the above countries are non-existent in India.

The freight earning of a shipper is taxable under the Indian laws which inflates the actual ocean freight charges from Indian ports to the consuming markets.

**Sales Tax :** There are two types of sales tax viz. Central Sales Tax levied under the Central Sales Tax Act on sales in the course of inter-State sales and the other local sales tax levied under the Sales Tax Acts of various State Governments on intra State sales. When a mine-owner exports a commodity directly, the sale is not liable to tax, but where he sells it to another dealer who in turn exports it, the first sale attracts the provision of the sales tax, but the second does not. Method of taxation is complex and it varies from state to state.

**Canal Toll Dues :** Vessels carrying mineral ores have to pay to the Suez Canal Authorities canal toll dues which has the effect of inflating the actual ocean freight.

**Local Taxes :** Some of the mining areas have been brought under the purview of municipal taxation and gram-panchayat taxes which are contributing to the high cost of production of manganese ore.

**Royalty :** International prices for manganese ore are still low. As the out-look for future is uncertain, the present rates of royalty do not appear to be justified and have brought about additional burden on the industry.

**Disposition of Mineral Rights :** Large areas of manganese ore have been reserved in various states for exploitation in the public sector. Even though the State Governments have no plans to work the areas, the same are not being released to the private parties.

Some of the State Governments are granting renewal of leases for a period of 10 years only although under the Mines and Minerals (Regulation and Development) Act, 1957, maximum period of 20 years is provided. This will inhibit investment, planning and production.

**Safety in Mines and Labour welfare :** The need to provide for safety and welfare of workers in mines can hardly be ignored. At the same time it has to be ensured that such measures do not put undue strain on the mine-owners and obstruct their normal working. Some of the provisions in the Mines Act and Mines Rule could be oriented to suit the needs and working conditions at the manganese mines.

## RECOMMENDATIONS

**Income Tax :** The following reliefs are recommended with regard to the levy of income tax on manganese mines :—

(a) Expenses incurred on prospecting and exploration of manganese mines to be treated as revenue expenditure.

(b) Tax holiday for 3 years for new mines ;

(c) Increase of the permissible depreciation allowance to 30% for mining machinery and equipment ;

(d) Expenses incurred on research and pilot plants in beneficiation or up grading of ore to be treated as revenue expenditure.

**Sales Tax :** The Committee recommends that the State Governments should be requested to exempt sales tax, central as well as local on manganese ore intended for export. Alternatively, they should be requested to adopt the West Bengal system of taxation in the case of manganese ore.

**Canal Toll Dues :** Efforts should be made to secure some relief from the above dues for manganese ore.

**Local Taxes :** The Committee recommends that the mining townships were suitable amenities, such as, facilities for hospitals, creches and canteens, conservancy sanitation and other services are already provided by the mine-owners, should be exempted from gram-panchayat or municipal taxation. However the areas where adequate facilities are not provided by the mine-owners and the said services are provided by the local bodies, the levies may be imposed at the minimum rates provided under the Rules.

**Royalty and Dead-rent :** The Committee recommends the following rates of royalty on manganese ore :

Dioxide Ore (Mn O <sub>2</sub> 78% and above	
Fe 4% Maximum)	Rs. 10.00 per tonne
45% Mn. and above	Rs. 4.00 per tonne
35-45% Mn.	Rs. 2.00 per tonne
Below 35% Mn.	Rs. 1.00 per tonne

It is further recommended that the dead-rent on manganese ore for the last 3 years should be waived in view of depressed market conditions

Further, the Committee considers that the State Governments should be advised to collect arrears of dead-rent in instalments equal to the amount of royalty chargeable per tonne of ore on resumption of production. This will act as an inducement to the mine-owners to start mining operations.

With regard to the question of levy of royalty at the pit-head value of minerals, the Committee recommends that wherever departmental rules or instructions are not accordance with the principle enunciated by Mysore High Court, immediate steps should be taken by concerned State Governments to modify or amend such rules and instructions wherever these are due.

**The Manganese Mines Labour Welfare Fund :** The

legislation may not be enforced till manganese ore industry is fully rehabilitated and attains prosperity.

**Disposition of Mineral Rights :** The Committee recommends that manganese bearing areas reserved for state exploitation should be released for exploitation in private sector of the State Governments do not have any definite plan of the development and working of the areas within a reasonable period from the date of reservation. Special consideration should also be given to granting leases of suitable areas to the ferro-manganese industry so that wherever possible it can depend upon its own captive mines for a uniform and regular supply of ore.

The Committee is of the view that the renewal of mining lease should not be granted for less than the maximum period provided under the Mines and Minerals (Regulation and Development) Act, 1957, unless a lessee himself applies for a shorter period. The renewal of the lease for a shorter period will inhibit investment, planning and production.

The Committee further recommends that applications for mining leases in the reserved area should also be considered for minerals other than the ore for which it has been reserved provided that the working of the additional minerals in the areas applied for will not affect the development of the remaining part of the reserved area.

**Power of Revision of Central Government :** The Committee recommends that the power of the Central Government in the matter of regulation and control of mining rights having been clearly defined in the Constitution, the State Governments should take steps to give immediate effect to the orders passed by the Central Government on applications made to them under the provisions of Mineral Concession Rules, 1960.

A reasonable time limit for the disposal of revision applications should be provided in the Mineral Concession Rules, 1960, so that redress to aggrieved parties is not unduly delayed or denied when it is most needed.

**Labour and Safety :** The requirements laid down under rule 33 of the Mines Rules regarding laterines and urinals in mines should not apply to manganese mines. Similarly rules 64 to 71 regarding provision of canteens in mines may be relaxed.

## Marketing

### Conclusions :

The annual world market of manganese ore is likely to increase to 10 million tons by 1975 against the present level of 5 million tons. Captive sources of

supply developed by the principal consumers of manganese ore can be expected to meet 50% of this demand leaving a "free demand" of 5 million tons per annum available to mine-owners and suppliers of manganese not committed to particular users.

The figure of 5 million tons of "free demand" is considered substantial especially when compared to the present volume of trade viz. 2 million tons per annum. As India is one of the largest producers of manganese ore among "non-captive" sources, it can reasonably hope for a larger share in total world exports provided the present production is expanded to produce the requisite quantities with due regard to the prime need for reducing costs. The increased world demand, however, need not necessarily imply any significant rise in international prices as the major portion of production will be derived from those sources where costs of production are low and better port facilities are available.

Under the existing pattern of trade, the demands of ore are pooled and met by a few intermediate ore purchasing agencies collectively for all consumers. This places the buyer of ore in relatively advantageous position with reference to sellers, because while inter-se competition among the former is practically eliminated the suppliers continue to operate on an individual basis. In India, apart from the disparity between the uneconomic costs of production and the international prices, the multiplicity of small exporters and other similar factors continue to operate against the prospects of Indian exports.

## RECOMMENDATIONS

The Committee feels that with a view to maximising exports, it is desirable to canalise the exports of manganese through one or two central agencies which by means of carefully coordinated operations can obtain the best prices and terms for Indian manganese ore. The Committee notes that the Government of India have taken a decision to canalise exports of manganese ore through (i) Minerals & Metals Trading Corporation of India Ltd., (ii) Manganese Ore (India) Ltd. which are both public sector undertakings. The working of the new arrangements should be carefully reviewed from time to time from the point of view of significant gains in India's export trade and foreign exchange earnings. The Committee also recommends that M.M.T.C. being the only agency for purchasing ore raised by small mine-owners, it should take an itself an active role in providing technical and wherever possible managerial and financial assistance in developing and modernising their mines, with a view to maintaining quality or grade and reducing costs of production.

# COMMITTEE OF DIRECTION ON COOPERATIVE FARMING 1963—REPORT

Delhi, Ministry of Community Development and Cooperation, 1966. 236p.

**Chairman :** Prof. D.R. Gadgil.

**Members :** Sardar Gurbaksh Singh ; Prof. A. M. Khusro ; Shri Ameer Raza ; Dr. J. P. Bhattacharjee ; Shri S. C. Chaudhri.

**Secretary :** Shri M. P. Bhargava.

## APPOINTMENT

The National Cooperative Farming Advisory Board set up by the Government of India formulated a scheme of assessment and evaluation of Progress of Cooperative farming societies and evaluation of pilot projects. The Board has also recommended that at the central level, in initial stage i.e., for the first three years, the responsibility for processing data, progress, observation and analysis should be with Board. The Board should discharge this responsibility through a Committee which should be so constituted and allowed to function that its findings inspire general confidence. More recently, the Conference of State Ministers, incharge of cooperation, 1963, has also recommended that arrangement should be made for a systematic and careful evaluation of the progress achieved in pilot project from time to time.

In pursuance of the recommendations, the Government of India, Ministry of Community Development and Cooperation, in the Memorandum No. 10-9/63-CF dated July 9, 1963, appointed the Committee of Direction on Cooperative Farming for the assessment of Progress and evaluation of the pilot projects.

## TERMS OF REFERENCE

(a) To examine the question of (i) base line survey regarding economic condition of members, (ii) progress of a society vis-a-vis other societies and individual farms, (iii) attitude survey and to devise methods, techniques and organisational set up for the same ;

(b) To analyse the data collected in the field and formulate conclusions ;

(c) To report the achievements and difficulties of the programme and suggest measures for solving the problems ;

(d) To make or help in the detailed study of the specific operational aspect e.g., preparation of production programmes, employment schemes, cooperative farm management, etc., and

(e) To undertake such other cognate measures as are

germane and relevant to the scheme of assessment of progress and evaluation of pilot projects.

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## RECOMMENDATIONS

The pooling of lands affords an opportunity to the cooperative, the pooling of labour may be said to present it with a challenge. though initially a joint cooperative farming society is directed mainly towards farming and agriculture, it must as.

*Report of the Committee of Direction on Cooperative Farming*

## SUMMARY OF RECOMMENDATIONS

The programme of cooperative farming is directed, in the main, towards the solution of problems presented by the class of small or "uneconomic" cultivators in the Indian economy. The number of families in the

countryside in this class is very large and the area of cultivated land controlled by it is estimated at not less than 15 per cent of the total Programmes as that of technical assistance and of cooperative credit and marketing find the greatest difficulty in serving this class effectively. The land surface controlled by them is, therefore, even less well-used than the average and the class suffers from a very high degree of under-employment. Cooperative joint farming by bringing together, under one management, lands held by a large number of uneconomic holders creates a land base on which technically efficient and economic operations become possible.

Efficient management of pooled lands implies that the total input of labour on the cooperative joint farms, for the same types of productive enterprise, is less than that on scattered individual holdings of which they are composed. The development of pooled land resources will absorb some labour in the initial stages and if such development results in intensifying agricultural activity, there would be some permanent increase in the level of demand for labour on the cooperative joint farm. Sooner or later, cooperative joint farms even when they succeed in considerably improving the use of pooled lands, find agricultural activity insufficient to employ the pool of labour in the families composing the membership of the cooperative farming society.

The pooling of lands affords an opportunity to the cooperative, the pooling of labour may be said to present it with a challenge. Though initially a joint cooperative farming society is directed mainly towards farming and agriculture, it must as a continuing organisation, be looked upon as a business which is set up with certain pooled resources and which is under compulsion to undertake diversified economic activities for the fuller utilisation of its pooled resources of labour.

All the steps relating to cooperative farms have to be considered in the context of the human problems. Such a society differs strikingly from most other types of cooperative activity. In a joint cooperative farming society, the household as a consumption unit alone remains separate; usually as a production unit it loses identity both as to activity and as to command over resources. Against the background of normal operations in a rural society of family farmers, this loss of initiative and independence is bound to be keenly felt and must create many complex problems, human and administrative. It would be possible to deal with these adequately only if the total performance of the joint cooperative farming society is outstandingly different from that of independent small holders and the standard of living and opportunities afforded by it to member families are demonstrably better than those enjoyed by independent small holders.

The potentialities of this form of organisation to solve the problems of small farmers must be widely recognised and a sufficiently large number of groups of such farmers must be encouraged to form societies and must be carefully guided and assisted in the period of development. Non-official leadership and official, technical and financial assistance must work together in this cause.

Categories of farmers, other than small holders, may also form joint cooperative farming societies and these may achieve a much better utilisation of pooled resources through joint effort. However, the national programme of cooperative farming is not directed essentially towards these. This is because even as independent units they can achieve a minimum level of efficiency in the use of resources and take advantage of and participate in national programme of development; and because specially strong efforts and strong motivation are needed to make a success of their joint farming. Moreover, experience shows that in many instances the formation of societies by members of other categories is wrongly motivated. Therefore, it is imperative to frame the programme in such a way as to give the least scope for such opportunities. The scheme of concessions and aid should, therefore, be framed specifically in relation to the needs only of societies of uneconomic holders.

It is imperative that non-official leadership should take an increasingly active interest in the programme. In particular, the support of non-official leaders of the cooperative movement itself, leaders of political parties believing in the efficacy of the programme, members of panchayati raj institutions and constructive social organisations, is essential to create a widespread understanding of the *raison d'être* of the programme and to dispel the doubts arising from hostile propaganda which has not hitherto been countered effectively.

In this, the cooperative leadership has a primary responsibility. It should encourage and sustain the programme, so that, by the results achieved and by its own example, it can educate and influence other leaders of opinion towards a fuller understanding of the National Cooperative Union of India should crystallise non-official cooperative opinion for this purpose and formulate a programme of action in consultation with the State Cooperative Unions. The National and State Cooperative Unions should constitute standing committees for this purpose.

Other cooperative institutions like apex and central cooperative banks, marketing societies, etc. should lend full support and impart strength to the programme. The example of the Maharashtra Apex Cooperative Bank, which has constituted a separate cell for looking after the problems of the weaker sections, is commended

to the Apex Banks of other states.

Panchayati Raj institutions which play an important role in the preparation and implementation of schemes of rural development should pay particular attention to this programme. Every effort should be made to associate the members of these institutions with the programme.

The programme should also draw assistance from constructive social organisations. Leadership of such agencies is particularly valuable when societies are formed by landless labourers. In such cases, the association of such agencies should not only be promotional and educative, but active guidance and assistance should also be provided in the day to day working of the societies.

In certain areas, the programme of cooperative farming has begun to create its own leadership. For the growth of such leadership, formation of federations of cooperative farming societies at the district and state levels is important. These federations would not only mobilise public opinion, but would also serve to disseminate knowledge of techniques of management and operation. As the programme gathers momentum and the number of district and state level federations increases, a national federation of farming societies may be formed. Such a federation should be necessary by the last year of the 4th plan.

Attention should be focussed mainly, on farming societies among small and medium cultivators, as they require the benefits of cooperative activity most. However, the programme need not be confined to any single type of society.

Where societies are formed with a heterogeneous membership, it is of utmost importance to limit the interest and returns of bigger farmers, through a system of distributing income which fully safeguards the interest of members participating in farm operations.

A cooperative farming society should not subvert the interest of a restricted group of families to the detriment of that of other members. However, there appears obvious advantages in drawing members from a similar background, who face similar problems. The danger in such societies is two-fold. They may either be formed to avoid tenancy and ceilings legislation, or, in certain cases, the members of the dominant family, or families, may deliberately exclude others from membership.

Where the members have lived in independent households and maintained separate cultivating units, they may constitute the unit of membership even though they belong to one family, subject to two important safeguards. Firstly under no circumstances, should minors and non-working persons be enrolled merely to fulfil the minimum numerical requirements of registra-

tion. Secondly, the number of independent land-owning households, cultivating their units separately, should, at least, be the minimum prescribed for the registration of a society. In addition, it is absolutely essential to ensure that attached and landless labourers, who regularly work on the farm, are enrolled to full membership of the society.

No change is necessary in the present rule that the number of absentes and non-working members, taken as a group, should not exceed 25 per cent of the total membership. In this connection, a working member should be considered as one who obtains the major part of his employment on the farm or other activities of the society. Those who engage in farm operations only for a few days, by way of a ritual, should not be considered as working members. Members engaged in supervisory functions should be considered as working members, subject to the condition that they supervise the work for the major part of the year and that the number of members engaged in supervision is not larger than that strictly required for the organisation and conduct of the activities.

In case of societies organised by small land owners, the land base on which the societies operate is frequently very narrow. It is, therefore, necessary that cooperative farming societies operate on a wider and more diversified economic base. This will imply not only a more intensive use of the existing land resource, through suitable changes in cropping pattern, techniques of cultivation and land improvement measures, but, in addition, the increasing creation of employment opportunities for members through agro-industries and other allied activities.

Before the registration of a society, members should fully understand the implications of joining together and, in every case, the effort should be to pool fully the lands of members or to have a definite programme of total pooling by stages within a reasonable time. As an exception, however, in a State like Kerala, where the holdings of members are spread over a wide area and the local terrain makes their complete pooling difficult, the society may decide which plots should be pooled.

If, for any reason, the society after registration feels that it is not economic or worthwhile for it to operate or manage a particular plot of land belonging to a member within the general pool, it may make other arrangements for its management. All the pooled lands with a society need not be managed in the same way or administered by one set of persons. The society is the "firm" which controls many pieces of land and other assets. All major decisions regarding those connected with risk bearing, investment and production will be taken by the society; but it may for greater convenience

of management split its total business into a number of "plants". Such special arrangement is not to be confused with partial pooling, as in this case, the ultimate directing authority and the bearing of risks is that of the society.

In societies where partial pooling has taken place, corrective measures should be applied without delay to pool the remaining land of the members. Societies formed for the development of a particular tract of land, which forms merely a portion of the land owned by members in the area of operation of the society, should not be encouraged unless members take a firm decision to pool their remaining land. The actual process of pooling, may, however, be phased in a manner which the society, as the firm, considers most appropriate.

Where the holdings of members are scattered, efforts should be made to ensure that members are drawn, as far as possible, from amongst those whose lands can be pooled into a reasonable number of conveniently located and viable plots.

It is desirable that consolidation of holdings should precede or accompany the organisation of societies. However, the organisation of societies even under existing conditions leads to a measure of consolidation and represents an improvement on prevailing conditions.

In areas where consolidation of land holdings proceedings are being conducted, the cooperative farming society should be recognised as a 'single unit' for purposes of consolidation. Where the existing consolidation laws do not provide for this, they should be suitably amended.

The desirable size of a cooperative farm depends upon a number of factors; by and large the standards prescribed by the State Governments have been along right lines. In certain areas the societies below the prescribed minimum size were organised. Formation of such societies should be discouraged.

The capacity of the societies to step up employment increases with the undertaking of land improvement measures and capital works, greater intensity of cultivation and by undertaking allied activities like dairying and sheep rearing, and the development of non-farm occupations. The importance of these activities should be fully recognised. In respect of each society that is formed, a long-term plan of development should be formulated. This plan should specifically provide not only for land development but also for a programme of increasing employment to members and their families.

For societies to work on a wider economic base, programmes of agro-industries should be considered as an integral part of their activities. The schemes for such activities should be economically and technically viable. Whenever possible, activities undertaken by the societies should be dovetailed with the general schemes

of the area. Technical and financial assistance should also be available to the societies from the general schemes.

As the limits on rent prescribed under the tenancy laws of the States vary, no uniform or rigid pattern for the payment of a return for ownership of land can be suggested for the country as a whole. However, in no case should the return for ownership of land exceed the limits prescribed under the tenancy legislation of that State. Further, the income obtained for land should not be larger than the total rent obtained on the eve of formation of the society, i.e. the return for ownership should be frozen at the initial level in the same manner as rents have been frozen under tenancy laws.

In the distribution of the surplus, full regard should be paid to basic cooperative principles. A larger part of the surplus should accrue to members in relation to the extent to which they actively participate in the operations of the society. Relatively lower priority should be given in this matter to the contribution of capital assets. The bulk of the surplus should be paid to members as bonus for work.

The administrative machinery and federations of farming societies should pay special attention to this aspect of the programme.

Little experience is available in matters of budgeting, accounting, work procedures, types of investment etc. As.....these are complex issues, a deeper study of these aspects is needed. The National Cooperative College and Research Institute, Poona, should set up a well-equipped unit for this purpose. It should also impart training to key personnel engaged in this programme.

There is need to rationalise and simplify the records to be maintained and, at the same time, to relate them more directly to the purpose of accounting, namely, more efficient farm management. It is suggested that a small technical group should go into the details of the records to be kept and formulate simple, but scientific, methods of so doing.

The proper training of secretaries of societies as also their office-bearers and members is of vital importance for the training of secretaries greater emphasis should be given in the existing six-month's course, to job-training in accounts and farm management. Special efforts should also be made to develop a knowledge of improved agricultural practices and skills in allied activities. Where the secretaries of societies have adequate agricultural experience, a short training course of four to six weeks, with special emphasis on accounts and farm management, may be organised.

The main responsibility for member education should devolve on the National and State Cooperative Unions and federations of cooperative farming societies, Government should, however, make available necessary

financial assistance to them for carrying out this work.

Short orientation course should be organised regularly, for block and other staff responsible for technical guidance.

The National Cooperative College and Research Institute, Poona, should be equipped to organise short orientation courses for key personnel.

The Government and the National and State Cooperative Unions should formulate suitable measures to educate public opinion about cooperative farming.

A rigid pattern of assistance, unrelated to the size of the farm, the resources of members and specific projects of development has proved unsuitable. To be meaningful, financial assistance should be related to the long-term plan of development formulated by the society and the resources of members. It should take into consideration the requirements of the society in their totality.

A society, particularly of small holders would require assistance in the initial stages, for procuring and for establishing operations, which will have to be obtained from outside, i.e., in the form of assistance, both grants and loans, from Government. On the other hand, an established society will require finances for development and current production and other business needs. All such requirements should be met in the normal manner from appropriate cooperative financing institutions. In addition, there are also a number of specialised agencies, which look after financing of particular activities appropriate to farming societies. It must be ensured that assistance from all such agencies flows to cooperative farming societies speedily and appropriately.

#### (i) Assistance Under Cooperation Plan

##### Joint Farming Societies

The flat rate of Rs. 4,000 per society prescribed under the existing pattern of assistance, which works out to an average of Rs. 40 per acre, has proved inadequate. This was so in spite of the fact that a further diversion of the loan component of Rs. 3,750 made for construction of godown-cum-cattleshed was also allowed to be diverted for land development. Assistance for land development should therefore be related to the size of the farm and provided at an average rate of Rs. 100 per acre, subject to a ceiling of Rs. 20,000 per society.

No changes are necessary in regard to the quantum of share capital participation by Government (Rs. 2,000) and the extent of managerial subsidy (Rs. 1,200).

Whilst the provision of Rs. 5,000 for the construction of the godown-cum-cattleshed is adequate, such assistance should be given only after examination of the needs of each society. For purposes of an overall allocation

of funds, provision might be made for about 25 per cent of the joint farming societies formed.

##### Collective Farming Societies

As the needs of the collective farming societies are greater both in respect of overall requirements, and investment per acre, assistance for land development may be provided by Government at the rate of Rs. 150 per acre, subject to a ceiling of Rs. 30,000 per society.

As these societies are generally in greater need of technical and managerial guidance, which is difficult to be found from within, the societies have generally to draw managers from outside. In view of this, the quantum of managerial subsidy may be raised from Rs. 1,200 to Rs. 2,100 per society, spread over a period of three to five years.

As in these societies difficulties are experienced in raising share capital from members on a matching basis, Government contribution to share capital may be related, to the capital subscribed by the members. Subscribed capital may be collected from members in instalments and the Government contribution made as soon as the members have collected and paid 1/10th of the subscribed capital.

As most of the collective farming societies would need the facility of a cattleshed-cum-godown, overall provision might be made, at the current rate, for assisting about 80 per cent of the collective farming societies that are formed.

Whilst the outlay for the programme may be calculated on the above lines, the State Governments, should assess the requirements of individual societies and provide resources to them.

#### (ii) Assistance From Other Department

Cooperative farming societies should be treated as single units for purposes of assistance. Existing rules and procedures, should be modified without any delay, where necessary. Intensive efforts should also be made to ensure that the resources of the developmental departments are made available increasingly to cooperative farming societies.

Steps such as those taken by Maharashtra Government, to provide cooperative farming societies with departmental resources for soil conservation, construction of community wells etc., should be adopted by other States.

For the Fourth Plan, instructions have already issued that 75 per cent of the overall resources for programmes relating to poultry, piggyery and dairying should be earmarked for the cooperative sector. A further reservation should take place, in each State, to see that the requirements of cooperative farming societies are fully met and an integrated approach adopted for the formulation



of schemes, providing of technical guidance etc.

The Khadi and Village Industries Commission should review its existing procedures and take measures to ensure that the benefits derived by societies in some areas are more widely spread. In certain areas, where a large number of societies have been formed, the Khadi and Village Industries Commission should intensify its activities.

Central Cooperative Banks should direct their attention immediately to providing short-term credit to cooperative farming societies according to their production plans. As short-term credit alone would not be enough, medium term loans should also be provided.

The Land Mortgage Banks provide long-term loans to cooperative farming societies. This will mean, in many cases, amending the byelaws of primary land mortgage banks. In other cases, it might mean clarifying the liability of members in respect of the repayment of such loans even in the event of the society ceasing to exist after the period of pooling is over. The procedure suggested by the Maharashtra Apex Land Mortgage Bank to its primary banks, it commended for adoption.

Members of the cooperative farming societies may need short-term consumption loans, as also loans over a longer period in order to meet expenses connected with ceremonial and contingent purposes, old debts, etc. As far as short-term consumption loans are concerned, the practice suggested to service cooperative in IADP districts should be followed : i.e., loans upto a limit of Rs. 50 per member should be advanced for consumption purposes. This amount should form part of the production programme against which loans are advanced and come within the overall credit limit of the borrower. Central cooperative banks should take a similar view in respect of the requirements of a cooperative farming society.

As the members pool their entire land, a method should be evolved to assist them in the repayment of old debts and to meet ceremonial and contingent expenditure. In regard to old debts, it is suggested that, at the time of admission of a member, the society should obtain a declaration of his debts. Where it is possible for the society to secure the scaling down of these debts, this should be done. After this, the society should assist the member in discharging the debt by advancing a loan to him against his return for ownership of land and remuneration for work. The loan may be recovered in suitable instalments. Where the debts declared are heavy and not easily repayable, the person concerned should not be admitted to membership. A similar procedure may be adopted by the society for providing loans to members for meeting ceremonial and contingent expenses.

As the financing of cooperative farming societies is the legitimate function of the cooperative banking struc-

ture, it is necessary for it to work out the exact manner in which this programme can be assisted. For this purpose, it is essential to study further the various practices and procedures currently followed for issue of short, medium and long-term loans. The All India State Cooperative Banks' Federation should set up a small committee in construction with the All India Union of Land Mortgage Banks to go into the details of this question as a matter of priority.

The technical staff viz., extension workers of the block, special staff appointed for cooperative farming staff of various other departments, have a vital role in this programme. The technical and administrative guidance provided to the societies should be adequate and of a high order.

At the State level, there should be one whole-time Joint Registrar or Deputy Registrar, who should be assisted by an officer of the Agriculture Department.

In States where 250 or more societies have been formed, state-level federations should be formed. These institutions should provide the technical know-how to the societies. For enabling the federation to provide such services, a grant of Rs. 40,000 may be given in the first year as suggested in the scheme formulated by the Ministry of Community Development and Cooperation. In the succeeding years, the assistance may be provided on a tapering scale.

In districts where a large number of societies are organised, it would be desirable to provide technical guidance through the district federations of farming societies. Such a federation may be provided with the whole-time services of an agricultural graduate. Action should be taken at the earliest to set up district federations on the lines of the scheme formulated by the Ministry.

As envisaged in the scheme, it is suggested that a grant of Rs. 10,000 may be given to each such federation for the first year. The assistance may, however, be tapered in the subsequent years. Where the federations set up a workshop or undertake other business activities, they may also be provided with a loan of Rs. 10,000.

If, any single district an adequate number of societies does not exist to warrant the formation of a federation, a federation may be formed for two or three contiguous districts or for a division.

At the project level, the special staff for the programme should include one worker of the extension officer rank. In addition, one village level worker should be appointed for each group of 10 societies.

At present, no special arrangements exist for non-pilot societies. It is suggested that one village level worker should be posted for every 10 such societies. His headquarters should be located in the light of local

conditions.

It must also be ensured that the block staff and the various technical officers of the district, take special interest in this programme. The job charts of extension staff should provide for making available technical guidance on a continuing basis. The Block Development Officer should be responsible for seeing that the societies formed are adequately guided and assisted.

Panchayati Raj bodies, like the Zila Parishads and Panchayat Samities should be associated closely with the Programme. They should review their problems periodically and resolve their difficulties.

The programme of cooperative farming has immense scope on government waste lands, surplus lands and lands reclaimed as a result of large irrigation projects. It is essential that Government itself sets an example by encouraging cooperative farming on lands under its control.

Whilst the policy of the Government of India to utilise Government waste lands for cooperative farming has been clearly laid down, the implementation of the policy leaves much to be desired. This gap should be bridged.

Wherever government waste lands are available in compact blocks, forming viable units, these be allotted to cooperative farming societies. In making such allotment the priorities fixed by the State Government in this regard to the various categories of persons entitled to such lands, should be followed.

The allotment should be made promptly and the land should be given on a permanent or long-term basis. It should be ensured that the lands allotted can be cultivated in an economic manner. Failing this, the societies will face the problems of high cost and low returns.

Where large tracts of Government lands have re-claimed as by the Rajasthan Canal and Chambal projects, a sizeable area should be earmarked for cooperative farming. It should be possible to plan and develop such areas as models of agro-industrial enterprise. Similarly, special programmes should be formulated for areas covered by Tungabhadra project. Early steps should be taken to implement the schemes already prepared for these areas. In areas where resettlement of displaced persons is being undertaken, as in Dandakaranya, cooperative farming should be introduced.

In Maharashtra, a beginning should be made to introduce cooperative farming on the lands acquired by the State Government as a result of imposition of ceilings on the holdings of private sugar factories.

The working of stagnant and disintegration societies should be carefully examined and steps taken to put them on the right lines. As such societies create an

adverse reaction all round, this aspect of the programme should receive the closest attention.

For stabilising this programme, cooperative farming societies would need careful nursing and guidance: measures should also be taken to ensure that the benefits of joint management continue to flow over the years in an equitable and planned manner.

The areas of success have been those in which there was a conjunction of favourable circumstances. Having discovered these areas, special attention must be paid to conservation of results achieved and utilisation of the favourable climate for further progress. It should also be possible to find out other areas in which all these factors are present to some extent. A programme of such purposeful selection of areas is recommended for initiating and establishing intensive programme in the Fourth Plan.

At the same time the wider effort needed for promoting the programme need not be stopped. Such effort, if conducted continuously, with discrimination, is likely to yield at least some results in un-expected quarters. Moreover, the work of dissemination of ideology which is of vital importance would be greatly assisted by such widespread effort.

The programme is in its infancy and would take another 10-15 years before a significant impact is made on the country as a whole. It is therefore, emphasized that results should not be expected hastily and that there are no short cuts to solving the problems of marginal and submarginal cultivators.

Most of the successful societies are in the initial stages of their developments and special efforts should be made to see that they make continuous progress. The programme in relation to both the established successful areas and potentially successful areas must be intensive. In these areas, plans for development of each individual society must be drawn up separately, in detail, and financial assistance, technical guidance etc. must be ensured. In such of the areas, the formation of a further 50 to 60 societies is envisaged.

Besides the programme of intensive development consolidation and reorganisation of the movement along right lines should receive the utmost attention. At present, the programme is under way in about 300 pilot projects. In addition to the reorganisation of those amongst the existing societies which are defective, it should be possible to organise 10 to 15 new societies in the pilot projects already selected. With purposeful selection, the programme may be extended to continuous blocks and other suitable areas in each of which another 10 to 15 societies should be formed over a period of 5 years.

The programme of cooperative farming on government waste lands surplus lands, reclaimed lands etc.

will depend largely on the initiative of the Government.

In the Fourth Plan, about 10,000 new societies

should come into existence, if support and guidance are made available to the programme in the manner outlined in the report.

## COMMITTEE ON DEVELOPMENT OF SMALL TOWNS IN HILL AND BORDER AREAS, 1963—REPORT

Delhi, Manager of Publications, 1965. 107p.

**Chairman :** Shri C. B. Sharma.

**Members :** Shri Prabodh Chandra; Shri Karam Singh; Shri M. Koireng Singh; Shri S. M. Sen Gupta ; Shri S. K. Sahu; Dr. S. R. Sen.

**Member-**

**Secretary :** Shri Gian Prakash.

### APPOINTMENT

In the Joint Session of the 9th meeting of the Central Council of Local Self Government and the Fourth Conference of State Ministers for Town Planning held at New Delhi in September 1963, the Government of Himachal Pradesh had rightly drawn attention towards the relative backwardness of the Hill and border areas. It was contended that in Hill and border areas the size of towns is relatively small and neither the Planning Commission's programme of preparing Municipal Development Plans for cities with a population of over one lakh nor the Community Development and National Extension Service was of any avail to the hill towns.

Appreciating the force of the above contention, the Conference Vide its Resolution No. 10 appointed this Committee to study the problems and requirements of small towns in hill and border areas in 1963.

### TERMS OF REFERENCE

(i) The overall occupational pattern ; (ii) agricultural and industrial sectors ; (iii) economic infra-structure consisting of transport ; (iv) communication and power ; and (v) social overheads like education and health.

### CONTENTS

Foreword ; Introduction ; Scope of the Committee work ; General setting of hill towns ; Problems of Small hill towns ; Conclusion and Recommendations ; Summary of Conclusion and Recommendations ; Appendix A, Statistical Tables ; Appendix B Questionnaire.

### RECOMMENDATIONS

#### General

1. The small towns in hill and border areas suffer from a triple handicap. They are not only backward in themselves but happen to be located in relatively backward regions. Most of the States in which the hill areas form a large proportion of land and population are also relatively less better off. Backwardness is writ large in almost every aspect of their socio-economic conditions.

2. The problem of hill and border towns can not be treated in isolation. Any attempt to raise the hill towns without a similar corresponding effort in their hinterlands and wider regions will be put artificial and they will not be able to sustain the momentum given to them initially. Their development has, therefore, to be an integral part of a larger programme for the over-all development of the hill regions themselves and the problem has to be tackled with utmost inter-departmental collaboration, co-ordination and understanding.

#### Regional Plans For Hill Areas

3. There is need to formulate economic development plans and programmes for the hill and border areas as distinct regional plans which are bold in conception, of higher urgency in terms of priority and more liberal in the matter of financial and technical assistance from the Central and State Governments. A programme like the one which the Planning Commission's Team actually drew up for the backward eastern region of U.P. should be formulated for the hill areas after a thorough study of their problems, resources and potentialities. In the regional plans there should be a proper integration of economic and physical (land-use) planning.

4. In the context of the Chinese aggression and our strained relations with Pakistan the question of over-all development of the hill and border areas and their small towns assumes the full character and urgency of a

national problem. This consideration makes the development of hill regions and their small towns as much of a defence problem as it is a socio economic one. The defence effort should, therefore, be co-ordinated with economic development.

### **Agriculture**

5. Once the above basic premises are conceded attention has to be given to major aspects of economic development of hill areas and their small towns.

6. Since 80 per cent of hill population subsists on the primary sector, agricultural economy should be strengthened. The net sown area per capita in the hill areas is very small and there is not much scope for expanding the area under cultivation. In the face of this paradox, the development strategy has to be to concentrate on the development of horticulture and mixed farming or on raising the productivity of land in terms of money returns rather than on traditional foodgrains cultivation.

### **Horticulture**

7. The scope for development of horticulture on the hill areas is immense. Climatic conditions also favour the growth and maintenance of orchards within certain attitudes.

8. In view of the additional cost involved in terracing and fencing, the proposal by the amount of loan for the new orchards under the scheme drawn up by the Indian Council of Agricultural Research should be raised from Rs. 500 to Rs. 1,000 per acre and made interest free for the first five years deserve sympathetic consideration. The State Governments may also distribute "taccavi" loans so that the farmers who have converted their farms into orchards can meet their foodgrain and other consumption requirements till the orchards begin to yield.

9. Regional Horticultural Research Stations should be set up in the following five regions namely Jammu & Kashmir, Punjab and Himachal Pradesh, U.P., West Bengal and Assam. These Regional Station should be established and financed entirely by the Government of India.

10. A comprehensive survey should be undertaken to demarcate the areas which can be brought under different types of fruits. Demonstration farms and seed production and distribution centres and centres of research, experimentation and training should also be established by the State Government.

11. The provision of cold storage and grading facilities at centres of collection and marketing of fruits and vegetables should be provided as development of horticulture grows apace. The State Governments in consultation with the Marketing Adviser, Ministry of Food

and Agriculture, Government of India may have these aspects examined in detail.

12. Co-operativisation in the sphere of fruit and vegetable marketing transportation and rural credit and banking should also be encouraged as a part of agro-horticulture development programme. The procedures and rules for granting co-operative and bank credit in the hill areas may be simplified and suitable relaxed to make credit reach the really needy farmer and horticulturist. The State Registrars of Co-operatives may examine these aspects.

### **Potato Development**

13. There is good potential for the development of potato cultivation in many hill areas (names listed). Potato being a high income yielding crop of the hill areas there is need to extend the areas of its cultivation and boost its production to meet the local and outside requirements.

14. Potato foundation seed farms should be located in different areas in the high hills to meet the local requirements. These farms should be run by the State Governments under trained technical staff. The disease-free nucleus seed stock should be supplied by the Central Potato Research Institute, Simla.

15. The State Departments of Agriculture should organise potato development sections-similar to the one in Himachal Pradesh-for watching the multiplication of foundation seeds.

16. A sound certification programme with sufficient inspection staff to help in spraying, growing grading and packing should be drawn by the State Governments. Apart from distribution of better seeds and the need for co-operative marketing societies of potato growers there is need to set up more potato research centres the results of whose experiments could be extended to the growers.

17. In view of the heavy application of fertilizers needed for potato cultivation adequate supply of the same should be ensured in the potato growing areas.

18. Transportation cost may make the use of fertilizers prohibitive. The State Governments should, therefore, consider subsidizing the difference in the cost of transports.

19. Due to high incidence of pests and diseases of which potatoes are vulnerable, the Plant Protection Wing of the Ministry of Food and Agriculture should study them and make special arrangements for the distribution of insecticides.

20. A large number of fruit preservation and canning factories should be established at important centres of collection and marketing of fruits and vegetables. Potatoes and vegetable dehydration plants, plants to manufacture concentrates of fruit juices

and factories for manufacturing jams, jellies, and pickles may also be set up. Industry for the manufacture of strong-light-weight packing materials should be encouraged. Industrial units engaged in fruit preservation and canning should be given loans on liberalised terms by State Governments.

21. A Central Hill Research Institute on the lines of the Central Arid Zone Research Institute should be set up. The institute should have various sections (names listed) and work in close collaboration with the Regional and State Research Stations. The benefit of its research should be extended to the farmers and horticulturists.

#### Animal Husbandry

22. Efforts should be made to improve the breeds of the cattle, reduce the number of useless cattle and to provide adequate feed for the cattle population. In the hill areas at altitudes above 8,000 feet rearing of sheep and yak should be promoted.

23. Efforts should be made to improve the existing pastures through improved practices. Particular attention should be paid to the development of these areas where the improvement of indigenous and foreign breeds of animals have been introduced. To overcome the present deficiency of milk supply and also to diversify the agricultural economy, dairy, poultry and piggy farming need also to be developed. Provision of adequate veterinary facilities is a necessary part of any development programme for animal husbandry.

24. The existing schemes for wool and sheep development like the establishment of sheep farms for production of stud rams, establishment of sheep and wool extension centres, rearing of imported sheep and regional research centres for sheep and wool improvement, should be extended to those hill areas where these have not yet been introduced.

#### Irrigation

25. The possibilities of adopting the portable sprinkler irrigation system in the steep hill areas and more specially for high value horticulture and plantation crops may be experimented.

26. A survey of the rivers, streams and nallas to determine the technical feasibility of providing more stable irrigation facilities in the most economical manner should be carried out. The State Governments may in this respect solicit the technical assistances of the Central Water and Power Commission which in its own turn should extend its fullest co-operation to the concerned State Governments. On the basis of the surveys irrigation schemes should be formulated and liberal provision for the same made in the State Five Years Plans.

#### Soil Erosion

27. To tackle the problem of soil erosion, a many sided approach is required. In the sphere of agriculture there is need to enforce scientific farming practices and more intensive utilisation of land. The community project officials and village panchayats should do their best to encourage soil conservation measures.

28. On the side of forestry, measures should be taken to regulate the management of privately owned forests; control of fellings and forest fires and afforestation programmes. Farm forestry, i.e. growing trees within and around villages should be practised. The village panchayats should undertake this programme and the State Forest Departments should render to them necessary technical assistance.

29. For the urban areas the soil control measures are the provision of proper drainage facilities, planting of trees and construction of walls to prevent landslide.

30. Indiscriminate cattle grazing should be prevented and entry should be prohibited in some places of those animals whose grazing habits are known to be severely damaging.

31. To sustain efficient use of soil the scope should be enlarged from soil erosion control to complete treatment, management and land use adjustment and the new programme framed accordingly.

#### Forests

32. As the area under forests in most of the hill areas is much below the national forest policy standard of 60 per cent an ambitious afforestation programme in the hill areas should be undertaken.

33. The possibilities of growing costlier timber and such varieties of trees which yield valuable industrial raw materials may be explored by the Forest Department.

34. The development of forest-based industries (discussed in the Section dealing with Industries) will go a long way in raising the level of income of the people in the hill areas.

35. For proper utilisation of the forest resources a network of forest roads and the improvement of existing methods of extracting timber are necessary.

36. Development of sericulture on the lines of the Punjab Government Scheme merits examination and adoption by other States in their hill areas.

37. Collection, cultivation and production of herbs and medicinal plants, at altitudes of 8,000 feet and above should be promoted on a large scale through well organised agencies which the State Governments should establish. This agency could be departmental or co-operative. For the processing of and research on herbs and medicines, the State Governments should establish

laboratories and processing plants.

### Minerals

38. Geological survey of hill areas should be done on a priority basis by the Geological Survey of India and the Indian Bureaus of Mines in collaboration with the State Bureau of Mines.

### Transport and Communication

39. Development of transport and communications should be undertaken in a big way on a priority basis and in an integrated manner. There is need, not only to improve the existing roads and to widen one-way roads into two-ways roads but also to establish new road links wherever, required. The development of good roads assumes added urgency because of the constant vigilance that India's borders call for. The possibilities of building airports in the hill and border towns may be explored, taking into account strategic requirements and traffic loads.

40. In the Planning of border roads the concerned authorities should as far as, possible try to link up the intervening small towns. Thus the border roads would not only serve the defence requirements but will also be instrumental in promoting economic growth of such towns. Where the border roads cannot connect the in-lying hill towns, the State Governments should establish proper road links between the towns and border roads.

### Power

41. The Central Water and Power Commission may undertake the required studies and investigate into the power problems of the Union Territories and also render technical assistance to the State Governments in the matter. These surveys should be linked up with the surveys suggested earlier for irrigational purposes. The relative merits of small diesel and hydel stations in the peculiar conditions of hill areas and their small towns should also be examined.

### Industries

42. The major plan of industrial policy for the hill towns should be to develop local industries to meet local demand and also to establish those industries whose products can bear the burden of high transportation cost in the out-lying markets.

43. Small scale and cottage industries hold good promise in the small hill and border towns. Among these the important ones are fruit preservation wood-based stationery items, wood working units, box and tin making, wool and cotton spinning and weaving, leather tanning, handicrafts, sericulture, herbal medicine and bee-keeping.

### Urbanisation

44. Not only should there be co-ordination in the planning and development of cantonments with the civil townships, but public utility services and community facilities should also be jointly conceived, executed and operated. The cost of joint services may be shared, in accordance with mutually agreed formulas. In such co-ordinated efforts the defence considerations should naturally have an over-riding priority.

45. To tackle the problem of urbanisation it is vital that the urban areas are prepared well in advance. The urban areas should be suitably selected for the location of appropriate industrial, commercial and other economic activities to lend them a measure of occupational balance.

### Master Plans

46. Advance preparation for the anticipated urbanisation must begin with the preparation of master plans. For preparation of master plans, the centrally sponsored scheme of giving 100 per cent grant should be extended to the small hill towns.

47. The concerned State Government may give special allowance to attract overseers for preparation of base maps.

48. Besides preparing Master Plans for the hill towns, it is necessary to prepare town development programmes on the line of those envisaged by the Planning Commission for the bigger cities. These should be made an integral part of the regional plans suggested earlier and the State Five Year Plans. The State Governments may seek the assistance of the Central Town & Country Planning Organisation in preparing town development programme.

### Water Supply, Sewerage and Drainage

49. Separate Engineering Survey and Investigation Units should be created to survey problems of water supply, sewerage and drainage of the small towns. Where such units exist, these should be augmented and strengthened to cover these small towns on a priority basis. State Governments should appoint Regional Water and Sewerage Boards to look after the establishment and maintenance of these services in small towns. The financial and material requirements of such programmes should be worked out in advance.

50. The National Water Supply and Sanitation "Scheme should cover, besides the pilgrim centres, "tourist centres and small towns in the hill and border areas". In case of these small towns, the pattern of assistance may be the same as the one approved by Planning Commission for rural areas from time to time. The Scheme applicable to small towns in hill and border areas should be a Centrally sponsored one. So far as

tribal areas are concerned the existing pattern of Central assistance should continue.

### Health

51. For improving the health facilities in the hill towns, existing standards of hospital and dispensary facilities should be raised. Specialised services should be made available for treatment of disease prevalent in the hill areas.

52. With a view to evolve necessary measures for the prevention and cure of the disease prevailing in the hill areas, it is necessary to collect data in respect of these diseases. The Ministry of Health may arrange to carry out special surveys to determine the prevalence of various diseases.

53. Health education and social education should be provided through the community development blocks in rural areas and the civic authorities in urban areas.

### Social Reforms and Social Welfare

54. The Central and the State Government Organisations departments concerned with the welfare of the scheduled castes and scheduled tribes should organise special intensive reform and welfare programmes in the hill and tribal areas on a priority basis.

### Internal Roads

55. In the case of town area and notified area committees matching contribution against grants given for roads should not be insisted upon. Even in regard to the small municipalities the grants may be given on the basis of 25 per cent as against 100 per cent matching which is the practice at present.

### Housing

56. With a view to improve the housing conditions, the terms and conditions of the Slum Improvement Scheme of Government of India should be liberalised to cover small hill towns also. The hill towns should be given priority in the matter of grant of loans under the various Housing Schemes.

57. Research work to find out cheaper building materials and methods of construction should be undertaken by the National Building Organisation on a priority basis. The building materials should be exempted from taxes by the local bodies. The State Government should also earmark special quotas of these commodities for the hill areas and hill towns.

### Sanitation

58. One of the urgent requirements is to convert dry latrines into flush latrines wherever, water-borne sewerage system exist. Construction of inexpensive hand flushed latrines designed by the Government of

U.P. should be encouraged. House-owners in the low-income group should be given loans recoverable in easy instalments to undertake such constructions.

59. Where water-borne sewerage system does not exist, frequency of scavenging services should be increased and the staff therefore augmented suitably. Hand flushed pit type latrines should also be encouraged wherever, possible. To enable the local bodies to meet the additional expenditure on these, the State Government should provide liberal grants.

### Tourism

60. Hill towns offer immense potentialities for tourist trade. A tourist traffic promotion programme on a big scale may be launched for the benefit of the hill towns.

61. Adequate residential accommodation to suit persons in different income groups should be created. Games and sports, cultural and literary programmes, conducted tours and shikar parties etc. should also be organised as a part of a co-ordinated overall programme for the development of tourism. The public and private organisations concerned should form committees to chalk out concrete programmes. The tourist bureaus of the State Governments in the hill towns should be strengthened. Well organised publicity campaigns are also necessary.

62. Tourist facilities should not only be concentrated in the larger hill towns but also extended in an increased measure to smaller ones so that they may have a chance to grow quickly. Special efforts should also be made in popularise them.

63. Concessions should be given in the bus fares for journeys to the smaller tourist towns. Special concession to students and sports' parties should also be given. Similar concessions in air transport may also be desirable.

64. Instead of tackling the problem in bits, a well-coordinated, phased and integrated programme after a detailed survey of present and potential tourist centres should be drawn up and priorities in regard to the development of small centres assigned. In this venture the collaboration of the State Governments with the Department of Tourism, Ministry of Transport may yield valuable results.

### Educational and Research Institutions

65. As the scope for the development of industry and commerce in the hill towns is limited, possibility of establishing in them, institutions of higher learning and research laboratories connected with problems of the hill areas should be explored and encouraged wherever possible. Such institutions will help in raising the intellectual and cultural plane of the sma

communities.

66. It is desirable that in the existing universities and technical institutions, special courses having a close bearing on the problems of hill areas should be devised and introduced.

67. Educational and training camps should be held in these small towns during the slack season.

#### Administration

68. Out-moded revenue systems like Zamindari still persist in many hill areas. The need to introduce land reforms in hill areas is urgent for raising the productivity of land. Those states where land reform laws have not yet been passed or passed but not effectively enforced should take necessary steps in this direction at an early date.

69. Cadastral Surveys of the hill areas should be carried out quickly and steps taken to convert 'non-reporting areas' into 'reporting areas'.

70. In many hill areas the revenue officials are performing police functions also. A separate police department should be created as distinct from the revenue department, as it will be conducive in promoting better security so essential for prosperity and even to help tourism.

71. The size of a 'patti' should be reduced to enable the 'Patwari' to function efficiently.

72. A special central pool of officers should be constituted for the hill areas particularly for the staff employed in agriculture, horticulture, engineering, soil conservation, forestry and animal husbandry and given a special allowance if posted in the hill areas of the States and territories concerned.

73. The State Government could as well make it compulsory for officers in administrative and technical cadres to serve in the hill and border areas for at least a term of three years, before they could be considered eligible for promotion.

74. The long term solution of the personnel problem lies in building up local talent. The concerned State Governments should follow a policy of selecting promising youngmen belonging to hill and tribal areas for award of scholarship for higher studies. They should also explore possibilities of reserving some quota in the technical institutions and outside their own States for students hailing from the hill and border areas.

75. A separate senior officer under the Development Commissioner should be appointed by State Governments to look after the implementation of the Five Year Plan and Programmes in the hill areas.

76. A special officer should be appointed by the State Governments in the L.S.G. Departments for guiding, advising and directing the local bodies of the hill and border areas. This officer should ensure that areas classified as urban by the Census authorities have urban local bodies establishing for them. These urban local bodies should be given adequate financial assistance during the first few years. Efforts should also be made to strengthen the revenue structure of these urban local bodies.

#### Conclusion

77. Detailed Surveys about physical, economic, social and other aspects of the hill areas including the areas at high altitudes should be conducted. The Research Programmes Committee of the Planning Commission and/or the State Governments could take the initiative in having such surveys made. The State Governments may refer some important technical problems to appropriate national or other laboratories for proper research.

78. The Planning Commission and the Central and the concerned State Governments are urged to give these recommendations very sympathetic consideration.



# COMMITTEE OF MINISTERS ON AUGMENTATION OF FINANCIAL RESOURCES OF URBAN LOCAL BODIES, 1963—REPORT

Delhi, Manager of Publications. 1965. 566p.

**Chairman :** Shri Rafiq Zakaria ;  
**Members :** Shri S.M. Fazular Rahman ; Shri Allapati  
Venkataramiah ; Shri S.M. Abdul Majid ;  
Shri Prabodh Chandra ;  
**Secretary :** Shri K.A. Ramasubramaniam ;

## APPOINTMENT

The Eight Meeting of the Central Council of Local Self-Government held at Calcutta in 1962, passed the following Resolution :

The council having considered the question augmentation of the financial resources of Urban local bodies and having regard to the recommendations of the Taxation Enquiry Commission and the Local Finance Enquiry Committee recommended that information should be collected from the State Governments regarding :

(i) The types of taxes that can be levied by the urban local bodies under existing laws ; (ii) the taxes actually levied by the local bodies ; and (iii) the percentage of collection in local bodies of different sizes. The Council notes that the existing sources of revenue for local bodies are not adequate for their requirements.

The Council further resolves that a Committee consisting of Ministers for Local Self-Government from (i) Maharashtra, (ii) West Bengal, (iii) Punjab, (iv) Madras and (v) Andhra Pradesh may study the problem of augmentation of the financial resources of the urban local bodies in all its aspects and on the basis of their study the matter may be taken up with the Finance Ministry. The Committee was appointed at the 9th Meeting of the Central Council of Local Self-Government held in New Delhi in September 1963.

## TERMS OF REFERENCE

To examine the proposals that have been made in the note of the Govt. of Kerala for introducing amendments in the Reserve Bank of India Act. to enable the bank to give long-term loans to urban local bodies for implementing development plans ;

To meet the Union Minister for Finance and discuss with him its proposals with a view to obtain increased financial resources for development plans of local bodies ;

To examine in details the note of West Bengal Government to the Central Council of Local Self-Government on basis of property tax by Local Bodies, in which a suggestion was made that the basis of property taxation should be changed from the present system which is based on annual rental Value to Capital Value.

## CONTENTS

**Pt.I :** Introduction ; The magnitude of Problem ; *Financing Urban Development Schemes* ; The Gap between needs and resources ; Better utilisation of existing resources ; Sharing of State revenues ; Grants-in-aid ; Borrowing of Urban Local bodies in India ; New sources of revenue ; Summary of main recommendations ; Bibliography ; Annexure from A to F ; Charts ;

**Pt. II :** Analysis of date ; Charts ;

**Pt. III :** Appendices from I to XLIX.

## RECOMMENDATIONS

All schemes pertaining to urban development should be brought together and executed in a co-ordinated manner within the frame work of a master plan of comprehensive development. Every master plan should be translated into a master programme consisting of a number of specific schemes and each local bodies should prepare five-year City Developments Programmes in accordance with which the various schemes in order of priority would be executed. The programmes should also indicate how much the local body would be able to contribute out of its own resources towards their implementation and what should be the extent of subsidy from the State or from the Centre. Once such City Development Programmes are worked out and they are integrated with the State Plan and ultimately in the National Plan, the problem of finding resources for implementation of the Master Plan would become very much simpler.

A statutory Urban Development Board should be set up in each State which should be empowered to acquire lands and properties wherever necessary and undertake most aspects of town development. The Board may also statutorily undertake water supply and sewerage schemes in respect of specified regions. It can also

junction as Central Loans Institution which would supply long-term as well as short-term credit to the local bodies. The initial capital for the Urban Development Boards should come out of the total provisions made in the plan for urban development. The boards should also be empowered to raise resources of their own and should also explore the possibilities of financial assistance from various international AID Agencies.

The Property tax should be administered under conditions which would give best results. To utilise this tax properly, the following measures are recommended :

(a) A Central Valuation Department, should be set up in each State to get the work of assessment of properties in different municipalities, done and also take up systematically at regular intervals, re-assessment of urban properties ;

(b) The Property Tax should be freed from the restrictive influence of the Rent Control Act either by imposing a 25% surcharge on the existing property tax and allowing the property owner to shift the entire burden of this surcharge on the tenants or by a suitable legal provision which would enable recovery of the difference between the property tax based on the reasonable annual rental value and the property tax based on standard rent from the property owner and allowing him to treat this difference as arrears of rent for the purpose of recovery ;

(c) The definition of "Lands and buildings" should be suitably modified on the lines of practice prevailing in England. A Comprehensive Code for Assistant of rental value should be drawn up with the assistance of one or two Assessors and Legal Expert ;

(d) In every State there should be a separate cadre of municipal employees and the Chief Executive Officers of all urban local bodies should be deputed from this cadre except for certain specified posts ;

(e) A standard percentage of collections should be prescribed and any municipality which fails to achieve this percentage without adequate reasons should be disqualified from receiving any Government grant or loans ;

(f) If the collection percentage in a particular local body falls below the prescribed percentage, the State Government should direct severe disciplinary action being taken against the Chief Executive Officer and the Collection Staff. Action may also be taken against the President of municipality and even inspite of this, if there is continued neglect, this should be considered as sufficient ground for supersession of the municipality;

(g) A Statutory minimum and maximum should be fixed for property tax. A provision should also be made in the Municipal Act to enable the State Government to impose property tax at any rate considered reasonable

by the State Government if the municipality fails to impose tax at that rate ;

(h) The State Government properties and Central Government properties should be subjected to property tax and service tax in the same manner as any private property ;

(i) The practice prevailing in England in respect of assessment of Machinery and plant, should be adopted by our urban local bodies so that industries are made to contribute adequately to the cost of services provided by urban local bodies.

Octroi in its present form should be gradually replaced either by a turnover tax or by a surcharge on sales-tax or by some other method which may cover the same sphere of taxation but would be free from the evils of the octroi system.

The maximum limit of profession tax in the case of an individual should be raised from Rs. 250 to Rs. 500 and in the case of companies to Rs. 2,000 by suitably amending the Article 276 of the Constitution. The levy of profession tax should be made obligatory.

Licensing system should be made more efficient and more comprehensive.

Urban local bodies encouraged to take up remunerative activities which would create permanent assets yielding perennial non-tax income. As far as possible these remunerative activities should be financed out of a revenue fund.

As recommended by the Taxation Enquiry Commission, the following taxes should be reserved for exclusive utilisation by or for the local bodies :

(i) Tax on lands and buildings popularly known as property tax.

(ii) Tax on entry of goods into the area of local authority for consumption, use or sale therein.

(iii) Tax on professions, trades and callings.

(iv) Tax on vehicles other than mechanically propelled.

(v) Tax on animals and goats.

(vi) Tax on advertisements other than newspaper advertisements.

To begin with at least 25 per cent of the proceeds of the entertainment tax should be earmarked for urban local bodies and this percentage should be gradually raised so that ultimately the entire proceed of this tax are assigned to the urban local bodies. The entire proceeds of any surcharge that is being levied on the entertainment tax should be straightway handed over to the local bodies. The theatre tax and the show tax could be administered by the local bodies themselves but in cases where taxes are levied by the States, their proceeds should be earmarked for the local bodies. The proceeds of the entertainment and other allied taxes need not necessarily be distributed on the basis of population or

the source from which the tax originated. The State Government should have the discretion to distribute it on the basis of needs of different categories of local bodies.

At least 25 per cent of the proceeds of the motor vehicle tax should be earmarked for local bodies and a formula should be evolved to distribute the proceeds to the different local bodies on the basis of population, mileage of roads maintained by them, volume of traffic, etc.

As recommended by the Taxation Enquiry Commission each State should have a Grants-in-aid code embodying certain well-defined principles, and that there should be a basic general purposes grant for each local body in addition to specific grants for particular item and services. For the purpose of evolving the principles in accordance with which such grants should be made, the urban local bodies should be classified into six groups :

(a) Class A—Corporations—metropolitan cities and big industrial centres ;

(b) Class B—Corporations municipalities covering cities with more than five lakhs population ;

(c) Corporations and municipalities with more than one lakh but less than five lakhs population ;

(d) Municipalities with more than 50,000 but less than one lakh population ;

With regard to specific grants, the Committee is of opinion that for Water Supply and drainage schemes, grants should be made on the following lines :

(1) Class A—Corporations—Metropolitan cities and big Industrial Centres.

(2) Class B—Corporation Municipalities covering cities more than five lakhs population.

(3) Corporations/Municipalities with more than one lakh but less than five lakhs population.

(4) Municipalities with more than 50,000 but less than one lakh population.

(5) Municipalities with more than 20,000 but less than 50,000 population.

(6) Municipalities town, area committees and notified area committees with less than 20,000 population.

(e) Municipalities with more than 20,000 but less than 50,000 population ;

(f) Municipalities, town area Committees and notified area committees with less than 20,000 population.

The Committee recommends that the Urban local bodies should get a recurring annual per capita basic general purposes grant at the following rates :—

(1) Class A Corporations—metropolitan cities and big industrial centres ; —25 paise

(2) Class B Corporation Municipalities covering cities with more than five lakhs population ; —25 paise

(3) Corporations and municipalities with more than one lakh but less than five lakhs population ; —50 paise

(4) Municipalities with more than 50,000 but less than one lakh population ; —75 paise

(5) Municipalities with more than 20,000 but less than 50,000 population ; —Re. 1.00

(6) Municipalities, town area Committees and notified area Committees with less than 20,000 population ; —Rs. 1.50 paise

No grant should be given but State and Central Governments should give all assistance in securing loans on liberal terms.

Some grant may be necessary but this may be decided by the State Government after taking into consideration all the relevant factors with a view to make the project a practical proposition.

10 per cent of the total cost of the Scheme should be contributed by the municipality.

66-2/3 per cent to be raised as loans by the Municipalities and the State Government would give the necessary guarantee.

23-1/3 per cent would be given as grant.

10 per cent contribution by the Municipalities.

50 per cent loan to be raised by the Municipalities with Government guarantee.

40 per cent grant.

10 per cent contribution by the Municipalities.

40 per cent loan to be raised by the Municipalities with Government guarantee.

50 per cent grant.

10 per cent contribution by the local bodies.

30 per cent to be raised as loans with Government guarantee.

60 per cent grant.

A more liberal pattern of financial assistance should be adopted for large pilgrim centres, places of tourists' interests, hill towns and towns where due to technical difficulties the cost on water supply schemes is unusually high. In the cases of these local bodies, a minimum contribution by the local body need not be insisted upon and the percentage of grant assistance can be increased according to the circumstances of each case.

For developmental activities such as public health measures, parks and gardens, sports stadia, theatres, libraries, swimming pools, etc., grants may be given to the extent of 25 per cent.

To cover the increased administrative costs over payment of increased salaries, cost of living allowance etc. at least 50 per cent grant should be given.

Certain services like water supply, sewerage, drainage, public health measures, primary education, maternity and child welfare etc., though local in character, are National in importance. The Central Government as well as the State Government should, therefore, share the responsibility for providing these services to the urban population.

The debt of remunerative enterprises should be a charge on the revenue derived from these enterprises. There should, however, be staggering of dates for paying instalments for the repayment of loans at least for such period till the enterprise really becomes remunerative. Local bodies should not be allowed to borrow indiscriminately from the open market but should borrow their entire loan requirements either from the State Government or from a Central Loans Institution like the Urban Development Board.

The proposed Bill for levy of terminal tax on passen-

gers and goods carried by rail should now be enacted by the Government of India. For such time, till the bill is enacted, the railways should make recurring annual grants to the State Governments for the development of the urban areas from where the rail earnings mainly arise and this grant should be based on the approximate estimated yield from the terminal tax if it is actually levied in terms of the proposed bill.

To tax "Floating" population who come to metropolitan cities and important centres of trade and industry from a distance of within 150 miles, a tax which should be in the nature of a small surcharge on railway fares and bus-fares should be levied. The entire proceeds of this tax should also be made over to the urban local bodies concerned.

For mopping up unearned increments in land values an urban land tax should be levied on the market value of urban land irrespective of the value of the building standing on it. When the property is proposed to be put to more profitable use, a development charge may be levied before permission is given to change the land use. The proceeds of these taxes should be made over to the urban local bodies wherever they are responsible for implementation of the master plan or to improvement trusts or development boards as the case may be.

Where the States are already levying tax on the consumption of electricity, a surcharge should be made available to the urban local bodies. Where no such duty is in force, the urban local bodies by suitable amendment of the municipal enactments, should be authorised to impose tax on the consumption of electricity at a rate not exceeding 10 per cent of the existing electricity rates.

## INFORMAL GROUP ON GOLD CONTROL, 1963—REPORT

New Delhi, Ministry of Finance, 1963. 12p.

Chairman : Shri S.S. Khera.

Members : Shri P.C. Bhattacharya ; Shri S. Bhoothalingam ; Shri L. K. Jha ; Shri V. T. Dehejia.

Secretary : Dr. I. G. Patel.

### APPOINTMENT

At the request of the Finance Minister, an Informal Group of Officials was constituted on September 5, 1963 to review the working of the Gold Control Order in all its aspects and to suggest ways of improving, simplifying and rationalising the control.

### TERMS OF REFERENCE

- (i) To review the working of the Gold Control Order in all its aspects ; and
- (ii) To suggest ways of improving, simplifying and rationalising the control.

### CONTENTS

Introductory ; General Assessment ; The Problem of Goldsmiths ; Administration of the Gold Control ; Procedural Matters ; Ancillary Questions.

## RECOMMENDATIONS

### General Assessment

In its general assessment of the working of the Gold Control, the report is convinced that the provisions of the Gold Control which seek to reduce smuggling, by control over individual holdings of non-ornament gold and by control over refineries and big dealers, have succeeded in their central objective and that at least for the time being, there has been a significant reduction in the extent of smuggling. The fact that the internal price of gold today is no higher than what it was when the control was introduced (and in fact lower than what it was a year ago) is a clear indication of the fact that, for the time being at any rate, there has been a significant decline in the demand for gold in the country. The task for the future is essentially one of preserving, consolidating and extending the gains of the past few months.

The Report points out, however, that though the policy underlying the Gold Control is essentially well-conceived, certain factors have led to disaffection, in regard to its working, on a scale which requires immediate attention if the prospects of successful implementation of a rational gold policy are not to be vitiated by lack of popular support. These, in its opinion, are :

(a) The lack of concerted political support for the Gold policy ;

(b) The somewhat tardy response to the legitimate complaints of thousands of small goldsmith ; and

(c) The lack of adequate machinery for effective and equitable enforcement of the control.

### The Problem Of Goldsmiths

In regard to the problem of goldsmiths, the recommendations of the report are :

#### The Problem of Unlicensed Goldsmiths (Section VII and Postscript)

(1) A quick, generous and publicity-informed approach to the problem of unemployed goldsmiths is at the very heart of the matter of making the gold policy succeed by making its implementation equitable and, therefore, generally acceptable. At the same time it must be realised that if the demand for gold in the country and the extent of smuggling are to be held in check, the scope for employing goldsmiths on the basis of the use of gold as such is bound to diminish considerably.

(2) The suggestion that Government should import a certain amount of gold, or use a part of the gold it already has, in order to release it in the form of 14 carat bars to goldsmiths in the country would be self-

defeating in the long run. The release of a certain amount of gold by Government will not put an end to smuggling, there would be no rational way of distributing small quantities of gold among thousands of goldsmiths and sooner or later, Government will be driven to open the flood-gates officially conceding to demands for more and more import of legal gold.

(3) The report of the Group did not favour the suggestion that goldsmiths may be permitted to make ornaments of purity higher than 14 carat atleast in so far as conversion from existing ornaments is concerned, because it felt that the 14 carat rule was an important part of the long-term gold policy and any attempt to go back on it would give a further impetus for the demand for gold and might also marginally increase the scope for smuggling.

After a study of the Report, the Finance Minister drew attention to the fact that the continuance of a virtual ban on any activity by thousands of goldsmiths would aggravate their economic distress as the rehabilitation measured proposed would necessarily take time to implement. The Finance Minister desired that this aspect of the matter should be further studied. The chairman and other members of the Group available in Delhi met again to consider the problem from this aspect. They recognised that if self-employed goldsmiths were permitted to work only on 14 carat ornaments, it was not likely to result in any significant volume of employment for the simple reason that even a minimum supply of 14 carat gold could not be ensured without import of primary gold involving expenditure of foreign exchange. They also recognised that the measures of rehabilitation proposed in the report would necessarily take some time to produce results, even if implemented with great vigour. There was, therefore, a real transitional problem which had to be met by some concession. On the other hand there was the inherent disadvantage of postponing the time when no ornaments other than 14 carat would be manufactured. After careful consideration of these two aspects, and in view of the scale of the human problem these members of the Group come to the conclusion that some limited concession could be permitted, for such minimum period as may be found really necessary, without serious violence to the basic objectives of the Gold Control. In this light, they agreed in a postscript to the report that conversion of existing ornaments of higher than 14 carat purity to ornaments of a purity not exceeding the original could be permitted subject to the following safeguards:

(i) The concession should be confined to self-employed goldsmiths.

(ii) To prevent abuse, the maintenance of accounts in

a simple form should be prescribed.

(iii) No new gold should be issued.

These members of the Committee also recommended that as a further safeguard, steps should be taken to call for declaration of holdings of gold ornaments beyond a certain limit.

(4) The report is unable to accept the argument that the best way of reducing the demand for ornaments would be to put a low ceiling on individual holdings of ornaments without bothering about the purity of such ornaments. The country is not yet ready for accepting or administering such a suggestion, especially if the ceiling is kept low enough to have a real meaning in our circumstances.

#### **Extension Of licensing facilities (Section VIII) : (1)**

The Gold Board had approved a scheme whereby out-workers will be issued primary gold of 14 carat (or less) purity by the licensed dealers in order to enable the out-workers to execute orders placed on them by the licensed dealers. This scheme may be adopted without delay so that this part of the problem of unemployment among goldsmiths at any rate is met, to the extent possible.

(2) As regards the small goldsmiths who are self-employed, provision should be made for a special licence on nominal fee which might be issued in the first instance for one year. The holders of the special licences might be permitted to hold at any given time a limited amount of primary gold in the form of 14 carat or less. The submission of regular return by the special licences is not suggested in view of the administrative burden it would involve; the check on them would essentially be a physical one.

(3) No one who does not hold either a regular licence or a special licence should be allowed to deal in gold. Special licences should be disqualified for rehabilitation licence but will be free to surrender the licence and opt for rehabilitation, if they so choose. The right either to rehabilitation or the licence should be limited to those families who can substantiate, before competent authority, that they had a significant business in gold in the past. The right should be related to each family rather than to each individual member of it.

**Rehabilitation Of Goldsmiths (Section IX) : (1) Efforts** to rehabilitate goldsmiths have not been so far as determined, widespread or generous as they needed to be. Whatever the machinery at the Centre, the detailed task of rehabilitation must necessarily be entrusted to the States. The first thing is for the Centre to prepare an overall scheme of rehabilitation in consultation with the States. The major emphasis in such a scheme

should be on loans for productive purposes. As far as possible attempt should be to rehabilitate goldsmiths at or near their present place of residence.

(2) It is difficult to determine the financial implications of such a programme. On a rough estimate, the cost may be of the order of Rs. 20 crores. An expenditure of even this order would be justified in view of what is at stake.

#### **Desiderata For a Successful Policy Towards Goldsmiths :**

Two things, in the opinion of the report, are vitally important for the successful operation of the measures outlined above. One is a clear reiteration of policy on the part of Government to the effect that the Gold Control has come to stay, that its basic provisions are sound and would if any thing be implemented more strictly in future, and that the scope for employing the goldsmiths as goldsmiths in the years to come would inevitably be much less than it has been in the past. It is only on such a clear statement of policy that the goldsmiths as a class can be expected to turn away from the futile course of agitation seeking to restore the status quo to a more responsive frame of mind towards attempts to rehabilitate them in other occupations.

The second imperative for the successful implementation of the scheme is that the Government should be earnest, generous and quick in so far as the task of rehabilitating the goldsmiths in other occupations is concerned. This task is central to the whole problem of resolving the dissatisfaction against the Gold Control.

#### **Administration Of the Gold Control**

The other major area of the Gold Control, in which the Report makes several important recommendations, is the administration of the Gold Control. These are as follows—

##### **The Administration of the Gold Control (Section XII):**

(1) The actual work arising out of the Gold Control can broadly be sub-divided into four groups:

(a) Administration (including inter alia formulation of policies and procedures, licensing, obtaining, collation and scrutiny of returns etc.);

(b) Detection and enforcement (including watch on and random inspections of licences, raids, seizures, prosecutions);

(c) Rehabilitation of former goldsmiths; and

(d) Persuasion (use of publicity and propaganda to mean people away from gold).

The first three are principally administrative functions where an official is more likely to deliver the goods than any non-official. It is in the last item viz., organising the means of persuasion that a suitable non-official may be in a better position than an official.

Considering all the circumstances, the Board form as the administrative agency should be given up.

(2) Instead, the administration of the Gold Control machinery should be entrusted to a senior official who may be designated the Gold Control Administrator. To assist him and to act as a two way bridge between him and the public, there should be in addition an Advisory Board (or Committee). The Advisory Board (or Committee) should have on it a number of non-officials and, if so considered necessary, official representatives as well from some State Governments where the rehabilitation problem may be more acute. Its Chairman should be a non-official.

(3) Immediately as he is appointed, the Administrator should be asked to formulate detailed proposals for the implementation of Control in all its aspects for the approval of Government.

(4) The Administrator may start with his head office in Delhi with a self-contained staff for work relating to administration and policy and licensing.

(5) The central responsibility for enforcement and the field work relating to gold must continue to rest with the Central Excise Department acting in close collaboration with the Central Customs Department. The efforts of the Central Excise Department must be supplemented by the enforcement agencies of the State Governments that have wide coverage in the field and somewhat similar training and responsibilities. A practical arrangement would be for the Central Excise Department to earmark, in the jurisdiction of each collector of Excise, another officer of that Department of suitable rank to have whole-time responsibility in respect of the Gold Control in that jurisdiction. This officer, while being subject to the local control of the Collector of Central Excise, would in other respects be directly responsible to the Gold Control Administrator.

(6) The Administrator should be contained within the Department of Revenue in the Ministry of Finance and also be designated as an Additional Member of the Central Board of Revenue.

(7) There should be an official co-ordinating Committee in each State and a small Standing Committee or Group of Secretary level at the Centre to provide internal assistance and guidance to the Administrator in regard to any major difficulties that he may have to face.

(8) The programme of rehabilitation of goldsmiths should be implemented through the State Governments within the broad framework of the policy laid down by the Centre. A separate Central Agency for the purpose is not necessary.

(9) The task of persuasion and propaganda at official levels should be the responsibility of the Ministry of

Information and Broadcasting. In the discharge of this responsibility they should be associated closely with the Administrator and the Advisory Board (Committee). In this particular field efforts of the official machinery alone will not suffice, considerable amount of work will have to be done by and through non-official agencies.

### Procedural Matters

The report makes a series of recommendations for improving, simplifying and rationalising Gold Control procedures in its sections on 'Declarations by individuals,' 'Control over Refineries', 'Control over licensed dealers' and 'Provisions concerning industrial users'. In summary, these are ;

#### Declarations by Individuals (Sections IV):

(1) In all major cases where violations of the provision to declare non-ornament Gold have already been detected, immediate steps should be taken to launch prosecutions and to secure the exemplary punishments permitted under the law; the enforcement machinery must be strengthened and special efforts made to unearth further cases of non-declaration.

(2) It is not necessary to call for declarations of ornaments possessed in excess of a certain limit, at this stage. But powers to call for declaration of ornaments in specific cases may be assumed and general powers in this regard incorporated when the Gold Control is put on a permanent legislative footing at an appropriate stage.

(3) Government should provide a ready and free facility, such as at the offices of the State Bank, for tendering of declared non-ornamental gold, and of gold ornaments, in exchange for standard 14 carat gold bars.

#### Control Of Refineries (Section V) :

(1) The licensing of refineries, whether power operated or not, should be completed without delay. All those who have applied for licence, and who were in the legitimate business of gold refining before the Control, should be given a licence on specified conditions. As soon as practicable, refining of gold except under bond should be eliminated. Provision should be made for the primary gold produced by refineries to have a standard identifying mark.

(2) A cautious attitude should be followed towards extension of licensed refining facilities. The long-term objective should be to centralise gold refining activity as far as possible, and ultimately, in the hands of the Government.

#### Control Over Licensed Dealers (Section VI) :

(1) There should be an intensive drive to obtain regular returns, as required under law, from licensed dealers and to punish non-compliance by revocation of

licenses.

(2) The returns should be systematically scrutinised and possible cases of violations detected and punished.

#### **Provisions Concerning Industrial Users (Section X) :**

(1) While it is recognised that the needs of industrial users must be met, search for substitutes must be encouraged and their use facilitated by suitable fiscal devices.

(2) With a view to avoid the danger of malpractices, bonding of major producers of liquid gold, and if possible, of zari makers could be considered.

#### **Ancillary Questions**

Two ancillary matters dealt with in the report are 'Impact of the Gold Control on Rural Credit' and 'Measures to supplement Gold Control'. Its recommendations on these matters are:

#### **Import of Gold Control on Rural Credit (Section XI)**

(1) As regards bank credit, it is not desirable that the long-term policy of discouraging bank advances against gold should be modified. At the same time, as far as the valuation of gold or ornaments for the purposes of determining credit limits is concerned, commercial banks should be free to be guided by their own best judgement of the market.

(2) Wherever rural credit has declined as a result

of the Gold Control, special steps might be taken to step up credit operations by other agencies such as land mortgage banks cooperative societies and the like.

(3) The special problem regarding pawn brokers in States where jewellery not redeemed can under the law be sold only through recognised auctioners could be resolved in consultation with the State Governments concerned by providing that such auctioning could be undertaken by suitable officers such as District Magistrates.

#### **Measures To Supplement Gold Control (Section XIII) :**

(1) Suitable forms of investment should be devised which should be endowed by law with the same quality of "Streedhan" that gold ornaments have at present.

(2) Facilities for obtaining credit against investments in forms other than gold should be liberalised and the habit of insurance spread further in the rural areas.

(3) Sooner or later, the Gold Control, which is at present operating as a part of the Defence of India Rules, should be given a separate and permanent legislative footing. This should be done at an appropriate time and in an atmosphere of reason when the immediate problem of rehabilitating the gold smiths has been tackled in right earnest.

## **INDUSTRIES DEVELOPMENT PROCEDURES COMMITTEE, 1963—REPORT**

Delhi, Manager of Publications, 1964. 26p.

**Chairman :** Shri T. Swaminathan.

**Members :** Shri Bharat Ram ; Shri A.R. Foster ; Shri Lakshmipat Singhania ; Shri A.M. Murugappa Chettiar ; Shri P. Chentsal Rao ; Shri N.C. Srivastava ; Shri P. Govindan Nair ; Shri V.K. Ramaswami.

**Secretary :** Shri K.J. George.

#### **APPOINTMENT**

The Committee was constituted under the Ministry of Industry vide their Resolution No. 4 (22) L.C. Pol./63 dated 24th September, 1963.

#### **TERMS OF REFERENCE**

To examine the operation of the controls applicable

to the establishment of additional industrial capacity under the Industries (Development and Regulation) Act, 1951, the import of capital goods, the issue of capital and foreign investment and collaboration.

#### **CONTENTS**

Resolution; Main Recommendations in the Final Report; Other General Recommendations of the Committee; Government's decision on the Committee's recommendations; Order; Final Report of Industries Development Procedures Committee; Import Licence for spare parts either received short or in damaged condition and replacement of which is made free of cost either by the supplier or on payment by Insurance Company; Procedure followed by the Industrial Credit



and Investment Corporation of India and Industrial Finance Corporation for the grant of loans-special procedure for 'Key' industries; Reconstitution of the Committee after a year; Acknowledgements; Annexures I to V.

## RECOMMENDATIONS

**Procedure for Industries Other Than 'Key' Industries :** In respect of Industries other than 'Key' industries, the Committee has expressed the view that for various practical reasons, including the foreign exchange shortages which make difficult the prompt clearance in all cases of import of capital goods, it would not be practicable to follow the special procedures recommended for 'key industries'. It has, therefore, suggested that, wherever the availability of foreign exchange is not the main limiting factor, after the issue of a letter of intent, all subsequent clearances, such as the import of Capital Goods, approval of foreign collaboration terms, and issue of Capital should be given within three months from the date of receipt of the respective applications. A procedure for keeping a close watch on timely clearances has also been prescribed.

**Special Procedure for Certain Industries Other Than 'Key' Industries Which are Import-Saving Or Substantially Export-Oriented :** The Committee has listed a few industries in which substantial imports are at present taking place. It has recommended that the special procedure for 'key' industries should be made applicable to these industries and also in the case of any other industries which Government consider to be of special importance from the point of view of earning substantial amounts of foreign exchange through exports.

**Procedure Relating To Licensing Of Raw Materials/Components :** As delays in the issue of licences for raw materials affect industrial production, the Committee has suggested that ways and means should be found of issuing licences within three months from the commencement of each licensing period. If, for any reason, this procedure is not found practicable in the interests of ensuring continuous production, the Committee has recommended that ad hoc licences equal to 50 per cent of the value of the licence for the first half of the previous licensing year should be issued. For the second half, the Committee has recommended that all licences should be authorised by a General Notification to utilise at least 50 per cent of the value of the licence for the second half, pending the final announcement of policy for this period. The Committee has also suggested that while issuing licences for raw materials, the limitations should normally be value-wise and not quantitative, so that the licensee has the discretion to import any of the permissible items listed in the licence in such proportions as may be necessary.

**Forms Of Application For Industrial Licences For The Import Of Capital Goods:** The Committee has suggested some modifications to these forms, mainly with a view to ensure simplification in some ways. Another consideration that has been taken into account is the extent of detailed information likely to be available to the applicant at the time of his application.

The Committee has recommended the submission of two applications for industrial licence, one, a preliminary application (along with the Treasury Challan) to enable the issue of a 'letter of intent' speedily, and the other a final application at a later stage at the time of the issue of a formal industrial licence. The consideration which has guided the Committee in suggesting two applications instead of one application as hitherto is that at the time of initial application, the entrepreneur does not have a detailed, clear picture of all the items prescribed in the application form. It is not unlikely that in respect of many of the items on which information has been furnished by the applicant in the preliminary application the position may change substantially after consultations and negotiations with foreign collaborators and machinery suppliers, both indigenous and foreign. As the licensing Sub-Committee's final decision on the conversion of a 'letter of intent' into an industrial licence would depend on a correct final appraisal of all material factors, a final application is also proposed. In the case of 'key' industries this final application is to be considered along with the simultaneous consideration of the subsequent clearances relating to capital goods, foreign collaboration terms, issue of capital etc. In the case of the remaining industries, the final application is to be submitted either along with the capital goods application or at some other suitable point of time when all the relevant final details are available to the applicant. This final application is to be considered by the administrative Ministry concerned before conversion of the 'letter of intent' into an industrial licence.

**Recommendation of the Committee After a Year:** The Committee has stated that it is important that the actual working of the revised procedures, should be studied over a period of time. Accordingly, the Committee has recommended that it may be reconstituted after a year, with the same composition as far as may be, to study the results of the working of the revised procedures and to make suitable recommendations to Government.

## Other General Recommendations

The Committee has also made recommendations regarding:

- (i) residual action in cases where letters of intent, licences have already been issued for 'key' industries ;
- (ii) form of 'letter of intent' ;

(iii) issue of import licence for spare parts either received short or in damaged condition and replacement of which is made free of cost either by the supplier or on payment by Insurance Company; and

(iv) procedure, in the case of 'key' industries, for consideration of application for grant of loans by the Industrial Credit and Investment Corporation of India and the Industrial Finance Corporation.

## WORKING GROUP ON SMALL SCALE INDUSTRIES, HANDICRAFTS AND SERICULTURE—SUB-GROUP ON SMALL SCALE INDUSTRIES, 1963—REPORT

Delhi, Manager of Publications, 1966. 347p.+vp.

**Chairman :** Shri K. V. Venkatachalam.

**Members :** Dr. D. K. Malhotra; Shri A. R. Bhat; Shri N. K. Mukarji (replaced by Dr. S. T. Merani); Shri T. R. V. Chari; Shri L. N. Renu (replaced by Shri P. M. Mathai); Shri K. L. Nanjappa; Shri C.V.R. Panikar (replaced by Shri R. Mahadevan); Dr. S. L. Sharma; Shri P. M. Mathai (replaced by Shri J. C. Verma); Shri B. C. Mathur; Shri H. Nanjundiah; Shri Baldev Kapoor (replaced by Shri G. R. Bhai); Shri Anil De; Shri M. Samiyuddin (replaced by Shri A. B. Malik); Shri B. K. Chatterji; A representative of the Director-General of Employment and Training.

**Convener :** Shri S. V. S. Sharma.

at the end of the Third Plan period.

(iii) To formulate proposals for the Fourth Plan in the perspective, wherever possible, of 15 year period, 1966-81.

### CONTENTS

Introduction; The Present Position; Approach to Fourth Plan; Development Policy; Spatial Decentralisation Growth Centres; Raw Materials; Industrial Areas; Credit Facilities; Technical Assistance; Training; Marketing; Export Promotion; Government Stores Purchase Programme; Hire Purchase of Machinery; Ancillaries; Industrial Cooperatives; Small Industry Associations; Organisational Arrangements; Financial Outlays and Targets; Summary of Conclusions and Recommendations.

### APPOINTMENT

A Working Group on Small Scale Industries, Handicrafts and Sericulture was set up by the Ministry of Industry, Government of India (vide Office Memorandum No 22 (3)/63-1cc(i) dated the 20th August, 1963, issued by the Ministry of Industry), for assisting the progress of the Third Plan and for carrying out the ground work for the formulation of projects for the Fourth Plan. At its first meeting held on 11th September, 1963, the Working Group decided to appoint three Sub-groups, one each on Small Scale Industries, Handicrafts and Sericulture to carry out the terms of reference.

### TERMS OF REFERENCE

(i) To make a critical review of the progress of the programme and schemes of the Small Scale Industries, Handicrafts and Sericulture in the Third Plan period.

(ii) To assess, in the light of the current trends and other available data, the position likely to be reached

### RECOMMENDATIONS

1. The growth of small scale Industries during the last decade is one of the most significant features of planned economic development in the country. Considerable progress has been achieved in expanding the sector, volume of production, employment opportunities created, entrepreneurial skills developed, increase in productivity, achievement in industrial dispersal, capital mobilised for industrial purposes, contribution to total industrial production etc.

2. The various types of assistance provided by the CSIO during the First and Second Plan periods resulted in the growth of the small scale industries into something more sophisticated and at the beginning of the III Plan, it was poised to play a much greater and significant role. Articles requiring high degree of technical skill, many of them being previously imported, began to be produced in the small scale sector, and notable progress was made amongst the newly developing industries like plastic and chemicals. With

this, the demand for foreign collaboration also increased.

3. During the Third Plan, in addition to increase and diversification of production, the aim was set for securing closer integration between small scale and large scale units over a wide range of industries and development of small industries as ancillaries.

4. The International Perspective Planning Team recorded in 1963 that (a) with equal access to raw materials there are many lines of industry in which the skill, flexibility, low costs, location advantages, other competitive factors favouring small units assured them of continuing and healthy growth; (b) this growth can and should be achieved without special financial subsidies or concessional benefits; (c) small factories are not confined to consumer goods but already contributed significantly to the manufacture of producers' or investment goods; (d) small manufacturers had shared very closely in the total expansion of factory output in the last decade which had approximated an average rate of 8%; (e) the principal criterion by which the small scale industry is to be judged should be its positive contribution to development.

5. (a) By 1963 nearly 59,000 units were registered by the State Directorates of Industries under the system of voluntary registration of small scale units. As on 31st March, 1965 the figure was 85,000.

(b) The capital invested and production in the small scale sector have been steadily increasing and the rate of growth, particularly in electrical and mechanical engineering lines had been note-worthy.

6. The IPP Team came to the conclusion that small factories, even excluding units not registered under the factories Act, contributed a surprisingly large share of the manufacturing out-put. It has also been recorded that (a) small registered factories have their greatest out-put, employment and investment in the basic necessities of life; food products, grain milling, ginning and pressing of fibres and textile weaving and finishing; (b) metal working and machinery industries are the next most important sector for small registered plants, confirming the well known evidence in their recent growth; (c) the third set of industrial group based mainly on direct conversion of primary resources and centring on construction goods related to tanneries, wood and cork, products of stone, clay, cement and glass etc. (d) the last group consisted of chemical groups and rubber products, printing, motor vehicles repair etc.

7. (a) The central object of the CSIO's technical, management and development services related to about 16,500 small registered factories (in 1960) employing 6.15 lakh persons with a gross output valued at about Rs. 530 crores.

(b) The number of non-registered non-household

small factories potentially under CSIO coverage is between 2 to 2.5 lakhs the number involved being so large, only the most highly promising of these can be given CSIO technical assistance.

8. (a) The total expenditure during the Third Plan is estimated to be Rs. 95.25 crores against Rs. 114.2 crores originally proposed. The State Governments had to reduce allocations for the small scale sector soon after the declaration of the emergency. On an average 40% of the total outlay on small industries was used for block loans in the States. Service schemes and commercial schemes can next in order of amount utilized.

(b) Apart from the fact that the pattern of outlay varies quite substantially between different States, even amongst the States in which small industries schemes have made an appreciable progress, there is no discernible uniform pattern of utilisation of funds on different schemes. A more detailed examination is called for.

(c) The subsidy on supply of power having been restricted to units using less than 20 H.P. has not worked as an effective instrument for developing small industries.

(d) There is need for an evaluation of the physical achievements made by the small scale industries sector in the different states during the Third Plan.

9. (a) During the Third Plan it is estimated that for a total fixed investment of Rs. 240 crores, the employment opportunities created would have been 10 lakhs. (8 lakhs direct and 2 lakhs indirect).

(b) The contribution of small scale factories alone to the total out-put of all factories in the country amounted to 31% (gross) and to 25% (net). This excludes the contribution of the non-factory, non-household sector which is bound to be substantial.

10. A review of the overall position of the small scale sector discloses the following important deficiencies and limitations in the programme:

(a) the change in priorities consequent on the declaration of the emergency has adversely effected small scale sector;

(b) allocations for small industries have been revised downwards and in some cases deferred;

(c) the CSIO programme of assistance does not include the entire range of small sector manufacturing activity. It should be done and the scope for decentralisation of conventional industries on a cooperative basis using improved technology should be explored;

(d) the common production programme has not been pursued in the Third Plan;

(e) no real progress has been made in making arrangements for collection of comprehensive data on the small scale sector;

(f) production capacities and employment potentialities remain significantly unutilised due to shortage of

cities, preferences should be given to established small units over new units in the large scale sector;

(vii) the CSIO should be associated with DGTD in scrutinising applications for registration under the liberalised procedure whereby units having a fixed capital of less than Rs. 25 lakhs are exempted from the present licensing procedure. An evaluation study of the results of this relaxation should also be undertaken. (Please see Recommendation No. 117).

22. In implementing the common production programme during the Fourth Plan the following should be ensured :—

(a) since the programme has not attained the desired degree of success it should be revised suitably and extended to many more industries;

(b) the targets proposed in the Report for some items may be considered as tentative and should be finalised only after detailed studies are completed ;

(c) though generally speaking, industries in which the economies of mass production and distribution are offset by increased production and marketing costs are suitable for implementing the common production programme, particular industries should be selected only after careful studies are made with reference to the existing capacities in the large scale and small scale sectors;

(d) there should be a careful election of small scale units for participation in the programme with reference to the size, record of production, equipment etc.;

(e) raw materials and components, both imported and indigenous, should be made available on equal terms to participating units both in the large scale and small scale sectors;

(f) the entire expansion should be reserved for the small scale sector in the case of industries in which the small scale units have demonstrated their capacity by accounting for a major portion of production;

(g) studies should be initiated immediately, to determine the industries in which common production programme or exclusive reservation is to be resorted to, (Please see Recommendation No. 114).

23. For the rapid development of ancillary industries,

(a) Licences of large scale units should be endorsed with suitable provisions regarding development of ancillaries;

(b) raw material and other resources should be directly provided to ancillary units;

(c) components and parts should be purchased from small scale units by suppliers to the DGS & D in the large scale sector; (Please see Recommendation No. 116).

(d) close scrutiny of applications for licences in the large scale sector at the State level with a view to determining the parts and components which should be made

in the small scale sector;

(e) provision of technical and managerial assistance; and

(f) closer liaison between the DGS & D and CSIO.

24. (a) Agricultural processing industries and service industries including repairing workshops should be brought under the ambit of the programme for development of small industries;

(b) The conventional or processing industries should be developed on a cooperative and decentralised basis ;

(c) In relation to the supply of electric power to a large number of additional villages during the Fourth Plan period, the scope for production of domestic electrical appliances and electrical accessories should be assessed and exploited;

(d) Efforts should be made to utilise opportunities available in the field of packaging industries to develop small industries;

(e) Continuous study of various types of industrial and agricultural wastes and other newer raw material should be undertaken with a view to utilising them for the development of the small scale sector.

(f) A separate cell should be created in the CSIO for undertaking the planning and development work of agro-industries. (Please see Recommendation No. 72).

25. (a) It should be the Government's policy to encourage the development of small scale units in suitable clusters in industrial estates or suitably developed industrial areas;

(b) Apart from providing the infrastructure in industrial estates/industrial areas, the Government should also provide common facilities, quality marking, testing etc., facilities, raw material depots etc ;

(c) Intensive studies should be undertaken to decide cluster of industries suitable to "growth centres".

26. The Government's stores purchase programme should be shaped as a more effective means for the development of small scale industries especially of engineering, chemical and other newer type of industries, for which there should be a policy agreement between the Departments of Industry and Supply.

27. (a) The CSIO should be made responsible for the coordination work in respect of export drive and the NSIC should undertake the actual implementation of the programme;

(b) Cooperative export houses should be started in the States. (Please see Recommendation No. 131).

(c) For units participating in the export work, scarce raw materials should be provided, preferably by opening revolving fund. (Please see Recommendation No. 91);

28. Campaigns for contacting local entrepreneurs in the rural and semi-urban areas should be intensified to make the programme of "growth centres" a success. (Please see Recommendation No. 36).

crores p.a. would be required (by the small scale sector) in the last year of the Fourth Plan (40 to 50 thousand tonnes of copper and 32 to 35 thousand tonnes of zinc).

(45) The availability of aluminium to the small scale sector should immediately be increased to at least 40 thousand tonnes p.a.

(46) The value of imported components/spare parts for the small scale sector in the last year of the Fourth Plan would be about Rs. 35 crores.

(47) Foreign exchange to the extent of Rs. 5 crores will be required for import of other scarce raw materials (specially chemical items) by the last year of the Fourth Plan. The total foreign exchange requirements in the last year of the Fourth Plan for imported raw materials would accordingly be Rs. 80 crores.

(48) (1) Even in the case of urban industrial estates where chances of success are greater, a more intensive planning and promotional effort is required.

(2) In the case of estimates in semi-urban and rural areas, a co-ordinated approach through integrated planning is necessary to provide other facilities like residential areas, educational facilities etc. besides the infra-structure to overcome locational disadvantages.

(49) Unless more intensive planning and promotional activities are undertaken by State authorities in consultation with local small Industries Service Institutes, the programme of industrial estates in semi urban and rural areas is not likely to succeed.

(50) During the Fourth Plan efforts should be made to set up an industrial estate (if it is not already there) in each of the towns with a population over 50,000 and in half of the towns with a population between 15,000 to 50,000. This would mean setting up of 700 industrial estates of varying sizes of which 112 will be urban estates and the rest at "growth centres."

(51) All urban estates should be established on the cooperative pattern unless special circumstances exist at a particular place for a Government industrial estate of the conventional type.

(52) Industrial estates organised in the "growth centres" should also be on the cooperatives lines if conditions are favourable.

(53) In future, industrial estates-areas should be let out on lease-hold terms to entrepreneurs and the rental part of terms reviewed every 5 year, the upward revision being subject to a ceiling of about 50% after every review. A concession in the ground rent may be allowed during the first 5 years of the existence of industrial estates in semi urban and rural areas.

(54) As a matter of policy the State/Central Government should establish common facilities centres, quality marking centres, raw material depots, technical information centres etc., in all cooperative industrial estates, which may also be financially assisted in the construc-

tion of service buildings.

(55) Conventional industrial estates may be constructed at "Growth centres", providing all facilities, in consultation with prospective occupiers.

(56) Adequate concessions and incentives should be provided to those willing to develop the smaller towns and "growth centres".

(57) While the general policy should be to encourage establishment of cooperative company type of estates, those in the urban areas (except cooperative estates) should be taken over by State Small Industries Corporation. Estates in the "growth centres" may continue to be administered by the State Directorates of the Industries.

(58) In all public sector projects there should be provision for establishment of ancillary estates. Private sector undertakings may also be encouraged to set up ancillary estates by providing loans to the extent of 50% of the cost of such estates.

(59) The following measures may be adopted for providing long term finance:

(a) In order to achieve institutionalisation of finance all loans under the State Aid to Industries Act/Rules exceeding Rs. 5,000 should be routed through State Financial Corporations. The responsibility of providing the entire finance to all the units in the urban areas should be that of the State Financial Corporations and other institutions.

(b) State Financial Corporations should be encouraged to lend out of their own resources at least twice as much as they lend under the agency arrangement; guaranteeing of such loans should continue.

(c) Possibilities of the LIC and Industrial Development Bank of India contributing to the resources of State Financial Corporations should be explored.

(d) State Financial Corporations should reorientate their attitude and cultivate a "development outlook" towards the small scale sector.

(e) State Financial Corporations may constitute wherever possible their own "technical wings"; in the alternative, they should make firm arrangements with SISIs to provide technical assistance, if necessary, on payment.

(f) The Reserve Bank of India in consultation with State Financial Corporations should undertake a study of the financial requirements of small scale units organised by technicians-managers and if found necessary take active steps to set up financing institutions for the purpose.

(g) While the rate of interest charged to the industrial cooperatives may continue to be 2-1/2%, a concessional rate of 3% should be given to small scale units situated at "growth centres". Commercial rate of interest may be charged for all other loans granted

either by the State Directors of Industries or by SFC's.

(h) As a matter of policy larger amounts should be earmarked for block loans.

(i) It is preferable to give loans at concessional rate of interest even to technicians and others; however in case of state participation in equity capital it should be done through the SFC's or other institutions and the participation should not exceed 50% of the total equity capital.

(f) In respect of short term finance the following measures should be adopted:

(a) The entire working capital requirements (over and above 20% approximately brought in by entrepreneurs themselves) should be met as far as possible by financing institutions.

(b) State Bank should invariably establish a branch at each "growth centre".

(c) Nominal fee may be charged by the CSIO for providing technical assistance to the State Bank and other Commercial Banks. Wherever feasible the State Bank may establish its own "technical wing".

(d) The State Bank should treat all branches as intensive centres and review the effectiveness of the working groups.

(e) The working groups should ensure that all units which have a bank account get finance to the full extent from the banks.

(f) Intensive efforts should be made to provide the smaller of the small scale units with working capital loans.

(g) As a special inducement to participate more fully in the credit guarantee scheme, the rate of fees may be reduced by 50% to all those banks which get all their loans to small scale units covered under the scheme.

61. During the Fourth Plan the quantum of both long term and short term institutional finance would be (a) Rs. 30 crores for loans under State Aid to Industries Act/Rules, (b) Rs. 50 crores as loans from State Financial Corporations/other institutions and (c) Rs. 600 to 700 crores in the last year of the Fourth Plan as working capital limits, half of which may have to be provided by the State Bank of India.

62. In the metropolitan and urban areas, all services and technical assistance to various types of industries should be pooled together at centres which will take the shape of branch institutes. During the Fourth Plan 50 to 60 such integrated training centres should function as branch institutes all over the country. Existing centres might be recognised/shifted handed over to respective State Governments to achieve the above objective.

63. Full fledged branch institutes should be established in Union Territories and smaller States (Himachal Pradesh, Manipur, Tripura, Nagaland, Pondicherry) and at suitable places in some of the bigger and under-

developed States like Madhya Pradesh, Rajasthan, Bihar etc.

64. A well equipped central cell should be established to conduct systematic study and research of the numerous technical problems to rectify the lacuna of the absence of the applied research in the existing pattern of Industrial Extension Service.

65. The establishment of a technological information and documentation centre may be taken up as part of advance action for the Fourth Five Year Plan.

66. Recruitment and training of additional technical managerial and economic staff (approximately 50% of the existing strength) should be taken up in a phased manner in order to meet the emerging situation during the Fourth Plan.

67. Suitable arrangements should be made to avail the services of consultants whose honorarium might be shared by the Government and beneficiaries.

68. The reorganised extension centres should be in a position to provide management consultancy services for which a nominal fee might be charged.

69. The practice of SISI Extension Centres providing technical assistance to State Bank of India may be extended to cover all other banks which offer to assist small industries on similar terms.

70. As a measure of evolving "appropriate technologies" the SISIs should encourage development of proto types of new machines which can be used in semi-urban and rural areas by resourceful entrepreneurs. (Please see Recommendation No. 18).

71. The proposal for the establishment of an institute for "appropriate technologies" in the CSIO together with a coordinating committee to guide its activities should be undertaken as part of advance action for the Fourth Five Year Plan.

72. Planning and Statistical cell's should be established in the CSIO and in the different State Directorates of Industries which among other duties will hasten the process of import substitution, develop ancillaries, conduct surveys and select suitable location for growth points and industrial estates, analyse production data, publish directory of small scale industries etc., (Please see Recommendation No. 24 (f)).

73. The comparison to stimulate local entrepreneurship and bring out local capital should be revived and conducted in large numbers so that by the end of the Fourth Plan almost all the districts of the country would be covered.

74. The Planning and Statistical cell (proposed vide Recommendation No. 62) at the CSIO should have a machine tabulation unit to process the data, collection of which should be improved by implementing suggestions such as (a) the ASI census sector should be gradually extended to cover all registered factories

(b) the non-household, non-factory sector should be covered by an annual sample survey, and (c) operational data collected by State Directorates should be systematically tabulated and analysed at the State level and coordinated by the CSIO for under taking all India analysis.

75. The publication work undertaken by the CSIO should be improved and augmented; the Bulletin of Small Industries should be made a priced monthly publication both in English and in Hindi. Model schemes, technical bulletins etc. are also to be improved.

76. Services rendered by the Industrial Extension Service may be charged a nominal fee; to start with it may be done in metropolitan and urban areas, later on to be extended to other areas.

77. (a) While the present technical training programme should be continued more intensively to up grade the skills of small industry workers who had no opportunity to acquire formal industrial training, courses of an advanced nature should also be conducted.

(b) The CSIO should concentrate more on advanced training at its institutes.

(c) Suitable training programmes for supervisors/Foremen/Chargemen etc., working in small scale units should be drawn up.

(d) The CSIO should take the responsibility as a coordinating agency in respect of training programmes being implemented in the common facility service schemes by the State Governments and at the rural workshops of the Ministry of Community Development.

(e) Officers who are functioning as trainers in the various technical trades should themselves be adequately trained and suitably equipped.

(f) Suitable arrangements should be made to provide training while the artisans continue to work.

(g) Management training should be made practice-oriented.

(h) The co-operation of small industrial association should be enlisted to put in practice what is taught at the appreciation courses and specialised courses in management.

(i) "Open House" method of discussion should be fully exploited.

(j) Trainers (technical and management) should be deputed to large scale units to study the methods and practices obtaining there.

(k) Personnel of Industrial Extension Service should be encouraged to participate in seminars and training courses in their respective trades within the country and abroad.

78. The SIETI should be able to undertake research programmes and expanded in such a way as to provide training for 3 to 4 hundred persons at a time.

79. (a) The training given at the Prototype Production and Training Centres should cater to the needs of

small industrialists rather than work as post-ITI training centres.

(b) More intensive work will have to be done on the production of prototypes of machines which are now largely imported and the work relating to adaptation of modern machines to suit the conditions within the country should continue.

(c) Each Prototype centre should have a joint committee consisting of representatives of CSIO, State Directors of Industries and NSIC to guide prototype development and research programme and maintain closer liaison between the field units.

(d) PTCs may undertake mass production of developed prototypes, only when private entrepreneurs are not forthcoming to do it.

(e) During the Fourth Plan six more Prototype Production Centres should be established—both general and for specialised industries.

80. Marketing assistance through indirect channels should be continued and intensified. State Governments should also subsidise the participation of small industrialists, through their associations, in industrial exhibitions in the country. The NSIC should similarly participate in International exhibitions.

81. Directories of small industries being published by the State Governments and FASII at the national level should be improved and the periodicity increased.

82. (a) The quality marking system should be extended to cover all products intended for export, all producer goods and sophisticated consumer goods.

(b) The CSIO should coordinate and ensure uniformity in standards of the quality marking scheme implemented by different states; close working relations should also be established between the Indian Standards Institution and the quality making centres.

(c) The CSIO should arrange for the drawing up of suitable standards, where ISI-standards are not available; reasonable substandards may also be provided, if necessary.

(d) Sampling percentage for quality marking testing should be laid down by the CSIO for the guidance of the States.

(e) The State Governments may be allowed to charge a nominal fee for the quality marking service rendered.

(f) Small scale units should be encouraged to become members of the ISI and get the ISI mark. The ISI in turn should constitute a separate small industry wing to study the problems of standardisation in small scale industries.

83. Bulletins on marketing information should be published by the Small Industries Corporations.

84. The hire-purchase scheme of the NSIC should be utilised to encourage the manufacture and supply of

machinery by small scale units.

85. "Trade Centres" on the lines organised by prefectures in Japan should be organised by State Governments through State Small Industries Corporations and in cooperation with State Small Scale Industries Associations.

86. A separate Export Promotion Division should be created in the CSIO with a full time Director-in-charge of it. Full-time Export Promotion Officers, should also be appointed in each State Directorate of Industries and SISI.

87. Export Associations of small industrialists should be established in each State within the next 2 years. Where possible, the associations might be started on a products basis also. Suitable financial assistance should be provided by the Government.

88. Export Promotion Division (as proposed in Recommendation No. 86) should function as the central clearing house for export marketing information apart from conducting studies, rendering service after sales etc.

89. Delegations of small industrialists should be encouraged to visit foreign countries which offer potential for export.

90. Annual target should be set for important items of exports.

91. An immediate beginning should be made to provide raw materials to the State Depots to be kept on 'impres' basis for issue to exporters. [Please see Recommendation No. 27 (c)].

92. Functional industrial estates should be specially organised for items which have export potential.

93. The Industrial Design Cell should be further strengthened to pay special attention to designs of products.

94. Establishment of cooperative societies of small industrialists should be encouraged to provide export services.

95. Small industrialists should be given representation in the Export Promotion Councils though their Associations, and as an incentive may be allowed to pay reduced fees.

96. The special scheme with liberalised term for providing export credit to small industrialists drawn by the State Bank of India may be finalised soon and circulated to all other commercial banks for adoption.

97. The CSIO should work in close coordination with State Trading Corporation for increasing exports of small scale sector products.

98. (a) A technical review of the list of items purchased by the DGS & D should be undertaken so that capable small scale engineering and chemical units might be encouraged to quote for those items. The review should also lead to additions to the list of Group

(4) items. By the end of the Fourth Plan this list should contain at least 150 items. (Please see recommendation No. 16 also).

(b) The aim should be to ensure that by the end of the Fourth Five Year Plan small scale units supply at least 50 per cent of the DGS & D purchases in Group (3) items.

(c) The DGS & D should evolve a procedure whereby tenderers for Group (2) items who agree to sub-contract to small scale units enlisted with the NSIC, get some special preference.

(d) State Directorates should nominate an officer to specially look after the stores purchase programme of the DGS & D.

(e) By the end of the Fourth Plan the aim should be to enroll 50,000 units for participation in the above programme.

(f) State Directorates of Industries and SISIs should maintain and suitably index details of the enlisted units.

(g) The DGS & D should recognise more test houses and laboratories.

(h) Test houses proposed to be set up by the Ministry of Commerce should be recognised by the DGS & D as their testing agency. Similar recognition may also be given to SISIs and Extension Centres where facilities exist.

(i) DGS & D should clearly indicate to those small scale industries who are registered with them directly that such registration will not carry any special treatment.

(j) Libraries of specifications and museums of items regularly bought by the DGS & D should be established at all important centres (50 to 60 during the Fourth Plan).

(k) Apart from giving a special price preference of 50 per cent to units located in growth points, the DGS & D should also undertake final inspection of their products at the factory itself and arrange for its transport at Government's expense.

99. The CSIO should arrange to ensure that in course of time small scale units become regular suppliers of defence needs.

100. A separate Directorate should be created in the CSIO with a full time Director-in-charge to look after the entire work regarding participation of small scale industries in Government stores purchase programme.

101. State Governments should formulate schemes (on the lines of the scheme operated by the NSIC) and issue instructions to all purchasing Departments, regarding Government stores purchase.

102. The NSIC guarantee scheme in respect of Government contracts currently implemented by the



State Bank of India should be operated by other commercial banks also.

103. DGS & D should make special arrangements to release raw materials to small scale units as soon as Government contracts are awarded to them.

104. The NSIC should concentrate on semi-urban and rural areas in implementing the scheme of hire purchase of machinery for which the following priorities may be adopted :

(a) Applications from units established or proposed to be established at growth centres or other smaller areas—first priority.

(b) Applications from units established or proposed to be established in towns with a population below 1 lakh—second priority.

(c) Applications from all other towns excepting the 11 big cities—third priority.

(d) Applications from units in those 11 cities—last priority.

105. Concessional rates of interest and service charges should also be allowed on the same priorities as given in Recommendation 104.

For this purpose a suitable schedule of rates will have to be worked out by the NSIC.

106. For units in urban and metropolitan areas it should be possible for the State Bank and other commercial banks to advance loans on instalment credit system for the purchase of machinery.

107. (a) Popular machine tools should be indigenously manufactured by the NSIC through its Prototype Production Centres.

(b) Arrangements should also be made for the regular supply of machine tools on a priority basis with parties like HMT.

108. There is enough room for both the NSIC and State Small Industries Corporations to operate in the field of hire purchase of indigenous machinery. The former might establish a branch in each State for this purpose.

109. The loans advanced to NSIC should be treated as long term loans so that it might be constituted as a 'revolving' fund.

110. The NSIC should continue to encourage applications for balancing equipment, modernisation, replacement of machinery and applications for smaller vessels.

111. (a) Services of State Directors of Industries, Small Industries Service Institutes, Small Industries Associations etc. should be pressed for collecting dues.

(b) Possibilities of obtaining PL 480 funds should be explored for operating the hire purchase scheme.

112. Keeping in view the instalment credit system operated by Banks and the proposed revolving fund at

the disposal of the NSIC a provision of Rs. 35 crores would be necessary to operate the programme of hire purchase of machinery during the Fourth Plan period (Rs. 25 crores as Rupee provision of which 10 crores should be in the form of free foreign exchange ; and Rs. 10 crores of foreign exchange from AID sources).

113. A sum of Rs. 5 crores of free foreign exchange should also be provided for direct import of machines by small scale industrialists.

114. Special surveys should be undertaken to study the extent of the activities and the problems faced by small units supplying parts/components to large units and public sector undertakings [Please see Recommendation No. 22 (g) ].

115. In view of the fact that it would be their own interest for large scale units to resort to procurement of parts/components from small scale units, the Federation of Indian Chambers of Commerce and Industry and similar other associations should take special steps to foster this ancillary relationship between their member firms and small scale units.

116. Raw materials should be supplied directly to small scale ancillary units on a priority basis and suitable deductions made in the entitlements of corresponding large scale units. [Please see Recommendation No. 23 (c) ].

117. (a) The representatives of the CSIO should be associated with the licensing of large scale units so as to ensure the scrutiny of applications from the ancillary point of view. Such components/parts which could be made in the small scale sector should not be licensed and it should be the responsibility of the large scale units to locate ancillaries. (Please see Recommendation No. 21).

(b) List of standard parts/components that could be made in ancillary units prepared by the CSIO should be widely publicised and copies provided to all Government Departments, DGTD, members of the Licensing Committee, etc.

118. (a) The agreed list of items to be farmed out to ancillaries made by the CSIO in consultation with DGTD should be considered by the Licensing Committee for suitable endorsement in the licence.

(b) A copy of the application for licence should also be endorsed to the Director, SISI of the concerned State to enable him to examine it from the point of view of ancillaries which will be placed before the Licensing Committee.

119. (a) The DGTD should publish a quarterly bulletin with a view to stimulating the ancillary relationship between large scale and small scale units.

(b) Preference should be given for tenderers of Group II Items who will sub-contract to small scale units and develop ancillaries ; periodical evaluation of

the use made of ancillaries should also be undertaken.

120. Ancillary units housed in industrial estates established by private sector undertakings should be free to supply to the replacement market and also other large scale buyers. They should also have an option to produce parts other than those required by the concerned large scale units.

121. (a) The C.S.I.O. should be associated in the preparation of project reports for public sector undertakings for indicating the possibilities of establishing ancillary industrial estates.

(b) At least 50 per cent of the cost of the ancillary estate may be given to the project company as a long term loan. Alternatively traditional or cooperative industrial estates may be established in the vicinity of the project.

122. (a) Regional Committees of the Standing Committee on Ancillary should be established in all States.

(b) The Standing Committee on Ancillary should be further strengthened with the addition of representatives of small scale industries and the regional committees should co-op. representatives.

123. Industrial cooperatives in the small scale sector is largely confined to industries of simple nature ; the progress in the more sophisticated types, like engineering industries, chemical industries, metal working and machine tool industries etc. has been slow.

124. A distinction should be made in assistance provided to the worker's or artisans' societies on the one side and the entrepreneurs societies on the other.

125. The recommendations made by the Second Working Group on Industrial Cooperative are endorsed and the idea that the small scale entrepreneurs could be brought together into industrial cooperatives even if the workers in those units are not made members of the society should be given a fair trial.

126. (a) Promotional and developmental measures in the field of industrial cooperatives should be intensified for which (a) The Director of Industries should be made responsible for this work who should be assisted by a Joint Director who has experience in cooperative work. Where the Registrar is himself responsible for promotional activities he should be assisted by a Joint Registrar who has industrial experience. In either case, the officer should be exclusively earmarked for this work.

(b) Standing Committee on Industrial Cooperatives should be constituted in each State.

(c) An officer of the rank of a Deputy Director should be earmarked to coordinate work for development of industrial cooperatives in all the SISTs ; technical, managerial and other assistance should also be provided.

(d) Case studies of successful industrial cooperatives should be undertaken and results widely published.

127. Efforts should be made to organise cooperative societies in sophisticated industries ; development of ancillaries on a cooperative basis should be encouraged and industrial estates in all urban areas should be started on a cooperative basis.

1.8. The element of subsidy in the pattern of assistance should as far as possible be eliminated except in the case of societies formed by artisans/workers.

129. Cooperative assembling units should be organised on the lines of functional industrial estates. Members should be free to work then individual enterprise in certain spheres while coming together to cooperate with each other in certain other spheres ; such cooperation would be mutually beneficial.

130. The recommendation of the Japanese Delegation on small scale industries that common service facilities should be organised on a cooperative basis should be accepted and implemented. Existing common facilities centres should be handed over to industrial cooperatives.

131. Export houses should be started in each state on cooperative basis and packing units and forwarding services etc. can also be provided by entrepreneurs themselves on similar lines. [Please see Recommendation No. 27 (b).]

132. (a) Officers of the State Directorates of Industries, Small Industries Service Institutes etc. should be trained specifically in industrial cooperation.

(b) Intensive training should be given to managers and supervisors of industrial cooperatives in industrial management.

133. Industrial cooperatives should be made self-supporting institutions by gradually reducing grants and subsidies.

134. (a) The Federation of Associations of Small Industries of India and the local Associations should devote more attention to improving the working efficiency of their member units.

(b) Marketing research and statistical sections should be set up in the Federation and local Associations to study and advise on problems of growth of small scale industries.

135. Federation of Associations of Small Industries of India should take up among others, functions mentioned below :

(i) Popularise modern management practices amongst small industrialists.

(ii) Cooperative with CSIO in conducting productivity studies—for this purpose a separate productivity section may be added within the Federation.

(iii) Induce its members to adopt modern methods of book-keeping, cost accounting, etc.

(iv) Train permanent staff in the working of such Associations abroad.

(v) Strengthen the public relations section and enhance its role as an interpreter of the Policy of the Government on one side and of the problems of small industrialists on the other.

(vi) Bring out annually the hand-book and directory on small industries.

136. The Government should assist the Federation financially for continuing its present activities and for taking up additional activities mentioned in Recommendation No. 125.

137. Establishment of Management Associations should be encouraged by the Federation to focus the attention of members on the scope for improving efficiency and reducing cost by adopting better management practices.

138. Selected small industries associations in the metropolitan areas should be encouraged to run extension centres, common facility centres etc. on a cooperative basis.

139. In the matter of legislation to govern the development of small industries, the greatest advantage would seem to lie in leaving matters as they are, at least for the time being. (Please see Recommendation No. 30).

140. The definition of the small scale unit should be revised that the Rs. 5 lakhs limit of capital should be deemed to include only plant and machinery (at original price as now reckoned). (Please see Recommendation No. 19 and 31 (a) J).

141. Special concessions in the matter of technical assistance, hire purchase of machinery etc. should be given to small scale units with an investment of less than Rs. 50,000 in plant and machinery and to those located in areas with a population of 50,000.

142. The efforts of the CSIO and the State Directorates should be more and more combined and coordinated especially in programmes like financial assistance, participation in Government stores purchase programme, industrial estates etc.

143. (a) In the long run, it may be advantageous to make the NSIC a purely commercial undertaking.

(b) The NSIC, as an experimental measure, might finance small scale units by participating in their share capital.

144. (a) The management of conventional industrial estates in urban areas and departmentally run production units should be transferred gradually to the SSI

Corporations.

(b) The raw material depots established by the SSI Corporations should be recognised as registered/controlled stockists for distribution of steel and as agents of the State Directorates for distribution of steel and of other scarce raw materials, imported parts/components, basic raw materials/intermediates etc.

(c) A provision of Rs. 3 crores should be made to strengthen the capital base of SSI Corporations.

(d) State Governments may guarantee loans advanced by the State Bank of India to the SSI Corporations.

(e) The flow of raw materials to small scale units should be systematised and rationalised so as to minimise leakages into the open market and stabilise prices.

(f) State Governments should provide the SSI Corporations with sufficient finance to undertake hire purchase of machinery, particularly indigenous machinery.

145. In the last year of the Fourth Five Year Plan the small scale sector is expected to achieve a gross output of about Rs. 4,500 crores. (Please see Recommendation No. 14).

146. The doubling to the present gross output will therefore mean an additional net output of about Rs. 500 to 600 crores in this sector during the last year of the plan.

147. A fixed investment of the order of Rs. 425 to 480 crores will be required to attain the targets mentioned in recommendation No. 145 and 146.

148. The estimated total Government outlay will be about Rs. 195 to 210 crores for the Fourth Five Year Plan for the development of small scale industries State Government 90 crores, Central Schemes 60 crores, Industrial Estates 45 to 60 crores.

149. A sum of Rs. 75 crores (approximately) is expected to be provided to small scale industries for obtaining fixed assets by :

(a) State Financial Corporations and similar other institutions : Rs. 50 crores ;

(b) State Bank of India under its medium term loan instalment credit system : Rs. 10 to 15 crores ; and

(c) LIC for industrial estates : Rs. 19 crores.

150. Foreign exchange to the tune of Rs. 107 crores (approximately) will be required during the Fourth Plan —Rs. 27 crores for capital goods and Rs. 80 crores for raw materials.

# THIRD REVIEWING COMMITTEE OF THE COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH, 1963—REPORT

New Delhi, Council of Scientific And Industrial Research, 1964. 96p.

**Chairman :** Sir A. Ramaswami Mudaliar.  
**Members :** Shri K. T. Chandy; Sir Patrick Linstead;  
Dr. S. Dhawan; Sir Charles F. Goodeve  
Prof. P. C. Mahalanobis; Dr. S. N. Sen  
Gupta; Dr. D. S. Kothari (discontinued  
after attending the first meeting on  
November 4, 1963).  
**Secretary :** Shri Baldev Singh.

## APPOINTMENT

The Third Reviewing Committee was appointed in November, 1963 by the Prime Minister in his capacity as President of the Council of Scientific and Industrial Research.

## TERMS OF REFERENCE

To review the work and progress of the Council of Scientific & Industrial Research and to recommend the lines on which the activities should be directed in the national perspective

## CONTENTS

Part I Introduction; History and Brief Description of CSIR; Technology and the Problem of India: Evidence and Comments; Part II—General Principles; Laboratories of the Council—Central Institutes; Regional Research Laboratories and Field Stations; User Participation—Research Associations; The Headquarters and Technical Services; Governing Body, Executive Councils and Scientific Committees; Part III—Staff; Links with universities; Bridging the Gap; Operational Research (O.R.); Future Development of CSIR Activities; Part IV—Summary and Principal Recommendations;

## RECOMMENDATIONS

### The Flexibility in Functions of the CSIR

It is recommended that the CSIR maintains its present flexibility in function to enable it to discharge its wide responsibilities for initiating or supporting research in fields where gap exist. At the same time it should invite other government departments to take over partial or complete responsibility for fields with which they are concerned.

### Relations with other Departments

It is recommended that machinery be set up and strengthened by the CSIR for its collaboration with the Planning Commission, Ministry of Industry, the Director General of Technical Development and other agencies responsible for the collection of essential information and action in respect of the nation's economy, with the object of ensuring that national plans and problems become the basis for the programmes of its research establishments.

### Relations with other Research Organisations

Machinery should also be set up for inter-communication and exchange with other research organisations and technical agencies of the Government, in particular, those associated with the Agriculture, Medicine, Defence, Railways, Posts and Telegraphs, and the Atomic Energy.

### Expenditure on Research

'If India is to make headway as a developing country its research effort in terms of quantity, quality and effectiveness will have to be increased manifold and limited only by the availability of trained personnel and resources.

It is recommended that CSIR's part in the Fourth Plan should be implemented to the full and extended where fresh needs arise.

### Governing Body of CSIR

The Governing Body is the supreme body of the Council responsible for its broad policy and external relations.

It is recommended that this body should be a compact one, the strength of which could be reduced from its present number without sacrificing the representation on it of the principal organisations. Consideration to introducing some fresh members should be given at the time of its reconstitution.

### Board Of Scientific And Industrial Research

The Board should continue to assist the Governing Body and to concern itself with the programme of the CSIR and those of its institutes.

It is recommended that its strength should be limited to 20-25 and consideration should be given to introducing some fresh members at the time of its recommendation. It is also recommended that the Board should set up a limited number of specialist committees to advise on those aspects which would require more detailed consideration than the Board will have time to give.

#### **Councils Of The National Laboratories And Institutes Of The CSIR**

It is recommended that each of these Councils should be limited to a membership of 12-15. Each Council should be assisted by 'panels of experts' in the formulation of research programmes. It is also recommended that the present policy of decentralising administration and giving of more powers to the Councils and the Directors should be further extended, with the headquarters maintaining an effective contact and ensuring that the policies of CSIR are carried out.

#### **Research Programmes**

The programmes of the laboratories of the CSIR should be mainly concerned with applied research and its related basic research. They should be framed in the context of the country's plans for industrial and economic development. The programme should be made up of well defined projects with clear objectives and the applied research projects should be time-targeted and normally not extended beyond a period of three to five years.

#### **Posts Of Directors**

Posts of Directors should be filled as expeditiously as possible to ensure the proper functioning of the research organisations and temporary appointments should be avoided as far as possible. Where, however, the Selection Committee feels unable to make a permanent appointment of a Director with complete confidence, it could be the appointment on contract or for a probationary period. It is recommended that in either case this period should not exceed one at the most two years before confirmation or termination.

#### **Posts Of Other Scientific Personnel**

It is recommended that the administrative routine for recruitment to posts upto that of Scientists Grade 'E' (Rs. 1300-1600) should be handled by the Laboratories in accordance with standards laid down by Headquarters and appointments made by competent authority according to rules therefore.

#### **Location Of Research Institutes**

It is also recommended that the following principles

should operate in the siting of Institutes: Industry oriented laboratories should be located in an area containing a concentration of the industry but should avoid crowded parts of cities. An important consideration should be the availability of sufficient area for its future growth and accommodation of field stations of other laboratories and auxiliary institutes. On the other hand, out of the way places without social amenities and supporting engineering services should also be avoided. Proximity to a university should play a part in the siting of a discipline-oriented or a regional laboratory. Where more than one institute or field station is to be located in the same city they should as far as possible be in the same campus and share common services as far as possible.

#### **Regional Research Laboratories**

It is recommended that a careful analysis of various aspects including finances and availability of personnel should precede the setting up of Regional Research Laboratories. Such should be multi-purpose in character, but at the same time should specialise in one or two fields depending on the nature of the problems in the area of their location.

#### **Field Stations**

It is recommended that the CSIR encourage its laboratories to set up a certain number of field stations preferably where these are supported by the concerned local industry and that common services are used as in recommendation.

#### **Research Associations**

Research carried out as a partnership between industry and government has proved to be a highly efficient mechanism for the selection of problems and for the application of results. This mechanism permits a ready and effective means of decentralising responsibility, while at the same time permitting coordination. It is recommended that this should be extended. It is also recommended that existing research associations should look upon the inclusion of routine testing and quality control as a temporary function which should be handed over as early as possible to individual companies.

#### **National Chemical Laboratory, Poona**

The balance between fundamental and applied work which at present is about 50/50 should be altered nearer to 20/80 and the fundamental work should become mainly related to the applied projects or for the development of expertise in general chemical knowledge and techniques. The Laboratory should concentrate its research effort on selected projects in fields, such as organic intermediates, high polymers, fermentation

chemicals, in organic chemicals, dye-stuffs and textile auxiliaries, catalysts and chemical engineering and pilot plant techniques. The number Ph.D. students and fellowships should be progressively reduced until it is not more than one-tenth of the permanent scientific staff.

#### **National Physical Laboratory, New Delhi**

The Primary emphasis should be on applied work, including standards and testing. On particular importance are the fields of radio components, radio propagation, electronics, ceramics, acoustics, optics, time measurement and applied mechanics, and in each of these fields objective basic work should form a substantial part. It is important that the Laboratory should build up an esprit de corps only possible in a well led single unit and it should not be divided into two wings with a separation of fundamental work from the applied.

#### **National Metallurgical Laboratory, Jamshedpur**

Research in the field on non-ferrous metallurgy should be increased in collaboration with the industry. The design facilities to enable the laboratory to act as consultants help to partly fill a gap in the application of research results and these should be extended.

#### **Central Fuel Research Institute, Jealgora**

It is recommended that the objective basic research at this establishment should be increased in order to sustain its important applied research. The whole of such fundamental work should continue at Jealgora and not be separated. The coal survey stations should be organisationally separated from the Institute while retaining communication links.

#### **Central Glass And Ceramic Research Institute, Calcutta**

The four industries related to the four divisions of this Institute should be brought into even more active participation in the work and share in the finances. Advisory panels from industry should be set up for these four divisions.

#### **Indian Institute Of Biochemistry And Experimental Medicine, Calcutta**

The shifting of the Institute from its present congested locational Yadavpur may be carried out in due course.

#### **Central Electrochemical Research Institute, Karaikudi**

This institute should be transferred from its present isolated location to Madras as soon as possible.

#### **Headquarters**

The role of headquarters is broadly the formulation of policy, the coordination of research, and the provision of central technical services with the objects of supporting the country's planned development.

It is recommended that the Headquarters should divest itself of responsibility for routine administration of its establishment and retain only such functions as may be consistent with the above role.

#### **Technical Service Units At Headquarters**

In view of the importance of these services, it is recommended that they should be strengthened and expanded with special reference to the following points.

Coordination Units should be organised for contact and exchange of information with ministries and research organisations in Agriculture, Health, Railways, Posts and Telegraphs, etc. The Defence Coordination Unit should add to its responsibilities the encouragement of civil utilisation of results arising out of defence research. The Central Design and Engineering Unit should grow into a full-scale organisation for the design, engineering, erection and commissioning of pilot plants and industrial plants in order to assist the industry to bridge the gap between research and application. It should include technical and economic evaluation among its functions. Existing scientific and learned societies should be encouraged and financially supported to enable them to raise the standard of their publications. The servicing activities of the Indian National Scientific Documentation Centre should be extended and their costs should be reduced. Publications activity of this centre should be examined in the light of abstracts and documentation services available from agencies abroad.

#### **Links With Universities**

Support to the Universities by the CSIR is an act of enlightened self-interest and it is recommended that the CSIR continues to increase this support as fast as possible and in collaboration with the university Grants Commission. In particular it should support schemes for 'Institutes for Advanced Studies' through providing funds for equipment, the creation of professorships, etc. The Maintenance Grants and Fellowships Scheme have already achieved excellent results, but the number of such grants should be increased to keep pace with the demand for skilled manpower.

#### **Industrial Participation In Research And Development**

The greatest weakness in the present organisation is the lack of association of industry in taking a share of the responsibility for Government supported research

and it is recommended that every possible step be taken to effect an improvement here. The research association mechanism is an excellent one for achieving this, but positive help is required to overcome the initial problems in starting such additional associations. Alternative or intermediate forms of cooperation with industry should be explored.

#### **User Government Departments**

Much of the work of some of the Institutes, such as food, building, road and public health engineering, is essential to the progress of the fields which are the responsibility of other government departments. Such departments should take a greater part in the supervision of such research and to underline this responsibility should provide part of the finances. Each such government department should have a special unit of its own staff charged with responsibility of the application of results of research.

#### **National Research Development Corporation Of India**

It appears to be the general opinion that this organisation has not been able to match the country's need and should be reorganised and substantially strengthened. Although it may remain a separate entity, it is recom-

mended that for operational purposes it should function under the control and direction of the Director-General of CSIR.

#### **Operational Research**

It is recommended that the development of Operational Research be given a high priority in the plans of the Council and the CSIR focus its first efforts on certain establishments.

#### **Population Control**

It is recommended that the CSIR should in cooperation with the ICMR, give vigorous support to research on population control and to the communication and application of the results in the widest and most efficient manner as this problem requires urgent solution.

#### **Periodic Reviews**

Periodic review of the work of the CSIR in relation to the research effort of India serves a useful purpose, and it is recommended that these should take place every five years, timed to precede the beginning of each five-year plan by about one year. A review of each individual laboratory or institute should take place before the overall review.

## **COMMISSION OF ENQUIRY ON CERTAIN ALLEGATIONS AGAINST S. PRATAP SINGH KAIRON, CHIEF MINISTER OF PUNJAB, 1963—REPORT**

Delhi, Ministry Of Punjab, 1964. 298+vp.

#### **One Man Commission**

Chairman : Shri Sudhir Ranjan Dass

#### **APPOINTMENT**

By Notification No. S.O. 3109 dated November 1, 1963 issued by the Ministry of Home Affairs and published on the same date in Part II-Section 3-Sub-Section (ii) of the Gazette of India Extraordinary, the Central Government in exercise of the powers conferred on it by Section 3 of the Commissions of Inquiry Act, 1952 (Act No. 60 of 1952) constituted the present commission to enquire into and report on the allegations made in the said memorandum.

#### **TERMS OF REFERENCE**

(a) Issue a notice to every person, who in its opinion should be given an opportunity of being heard in

the inquiry, to furnish to the Commission a statement relating to such matters as may be specified in the notice ;

(b) Issue a notification to be published in such manner as it may deem fit, inviting all persons acquainted with the subject matter of the inquiry to furnish to the Commission a statement relating to such matters as may be specified in the notification Sub-rule (2) requires an affidavit to be filed in support of the facts set out in the statement and sub-rule (3) refers to documents which have to be furnished to the Commission along with the statement. Rule 3 lays down the procedure to be followed by the Commission after the statements are furnished to it under Rule 2 Sub-rule (1) of Rule 3 prescribe as follows:—

The Commission shall examine all the statements

furnished to it under rule 2 and if, after such examination, the Commission considers it necessary to record evidence, it shall first record the evidence, if any, produced by the Central Government and may thereafter need in such order as it may deem fit :

(a) The evidence of any person who has furnished a statement under rule 2 and whose evidence the Commission, having regard to the statement, considers relevant for the purpose of the inquiry ;

(b) The evidence of any other person whose evidence in the opinion of the Commission, is relevant to the inquiry.

## CONTENTS

### Part-I :

Introduction; Preliminary proceedings and directions; Questions of taking oral evidence;

### Part-II :

Powers and functions of a Commission under the Act;

### Part-III :

Historical Background

### Part IV :

General discussion; on the Memorandum of Charges;

### Part V :

Charge I: Acquisition of Wealth;

Amritsar Cooperative Cold Store Ltd.; Kairon Brick Kiln Society; Prakash Cinema; Mukut House; National Motors; Neelam Cinema, Chandigarh; Capital Cinema, Patiala; Teg Cold Storage, Patiala; Ludhiana Cooperative Cold Storage; Elite Cinema Hissar; Nandan Cinema and Punjab Cold Storage; Neelam Cinema, Faridabad;

### Part VI :

Unknown assets since discovered; Sangrur Estates; Land for settlement of Harijans; Seed Farms; Purchase of Wheat Seed; Sarai Nago Brick Kiln Licence; Nepotism and favouritism; Sandhu Bus Service; Alleged Abuse of National Emergency; Dr. Harcharan Singh Dhillon; Supply of medicines to Sardarni Partap Singh Kairon; New India Shipping and Weaving Mills; Napco Industries; Alleged malicious prosecution of

officials; Findings; Conclusion; Annexure.

## Conclusion

As a result of our investigation, we have come to the conclusion that there is non basis at all for any corruption; that in some of the charges relating to his family members or others associated with him, certain improprieties were committed while Sardar Partap Singh, might not have been personally aware of these, a person in his position must be deemed to be constructively responsible; and that there were certain procedural irregularities in Administrative matters.

The Commission is free to concede that a father cannot legally or morally prevent his sons from carrying on business but exploitation of the influence of the father who happens to be the Chief Minister of the State cannot be permitted to be made a business of. Such exploitation cannot possibly be a legitimate business and the father's influence and powers cannot be permitted to be traded in. In the delicate situation in which S. Partap Singh Kairon holding such exalted high office, was placed as a result of the activities of his sons and relatives and Government officials, even assuming he personally had not lent a helping hand in relation to them, the least he could do was to give a stern warning, in private and if necessary publicly, to his sons, relatives, colleagues and subordinate officers against their alleged conduct even if such conduct had not been proved to be true. There is no getting away from the fact that S. Pratap Singh Kairon knew or had more than ample reason to think or suspect that his sons and relatives were allegedly exploiting his influence and powers. But, as his own affidavit shows, he made no inquiry, gave no warning to anybody and took no step whatever to prevent its recurrence but let things drift in the way they had been going, assuming he had no hand in it. In the premises he cannot now be heard to say that he had no knowledge of any wrongful conduct on the part of his sons, or relatives, or the officers under him. The allegations stared him in the face; he paid no heed to them. He cannot now plead ignorance of facts. In view of his inaction in the face of the circumstances here in before alluded to he must be held to have connived at the doings of his sons and relatives, his colleagues and the Government officers.



# WORKING GROUP ON CLASSIFICATION OF BLOCKS FOR INTENSIFIED APPROACH TO SELECTED PROGRAMMES, 1963 —REPORT

New Delhi, Ministry of Community Development and Cooperation,  
1965. 33p.

**Chairman :** Shri B. Mukerji.  
**Members :** Dr. Douglas Ensminger; Dr. J. S. Patel;  
Shri D. P. Singh.  
**Secretary :** Shri M. M. K. Wali.

## APPOINTMENT

The question of intensive development in the field of agriculture production on a selected basis was discussed at the Annual Conference on Community Development and Panchayati Raj held at New Delhi in 1963, which recommended that with a view to concentrating efforts the Blocks should be classified according to their potential for quick agricultural development. The Ministry of Community Development and Cooperation consequently set up this working Group vide their O.M. No. 1 (I) (3)/63-Agr., dated November 2, 1963.

## TERMS OF REFERENCE

(i) To suggest the criteria to be adopted for classification of Blocks for purposes of implementing selected programmes in the field of agricultural production;

(ii) To recommend in broad terms the programmes for each category of Blocks on which resources should be concentrated in that field;

(iii) To consider the need for other intensive programmes to diversify the rural economy and the basis on which a scheme for this purpose should be formulated; and

(iv) To recommend the administrative arrangements therefor.

## CONTENTS

Introduction; Intensive Approach; Classification of Blocks; Basis for Selection; Assured Water Supply; Category II; Category III; Planning and Implementation; Staffing; Training; Supplies and Services; Incentives; Other Programmes; The Final Word; Summary of Recommendations; Annexures I to IV.

## RECOMMENDATIONS

The idea of making an intensified approach to agricultural production in terms of local potential is

not a new one. The programme of Community Development itself was intended to be oriented to this approach, though it has not been systematically and consistently applied in practice. Then came the Intensive Agricultural District Programme, the intensive Crop Cultivation Programmes and Intensive Fishery, Poultry and vegetable programmes, based on the concept of concentration of effort in favourable areas.

In the light of this the Working Groups considered that the main value of their report would lie in reiterating this approach in a practical form and suggesting such basis of selection as are practical and simple in application but crucial from the operational point of view.

The Blocks should be categorised into the following three broad categories:

(a) **Category I :** Those Blocks where impact programmes of agricultural development can be immediately taken up.

(b) **Category II :** Blocks where agriculture is precarious and, in significant but there is considerable potential for undertaking intensive programmes of Animal Husbandry, Dairying, Fishery, sheep and wool development etc.

(c) **Category III :** Blocks where programmes of water and land development in the nature of irrigation, soil conservation, drainage, flood control, levelling, etc., will have to be first undertaken before intensive production programmes become possible.

Immediate attention should be concentrated on Category I, as it offers the advantage of quick response to a programme of increased agricultural production.

### Basis of Selection

#### A. Category I

(i) "Assured water" (assured irrigation or rainfall) should be the only criterion. Though factors responsible for increased agricultural production are diverse, yet this factor holds the key to the whole situation of farming at present. The crucial importance of assured water increasing agricultural production is borne out

by a study of Dr. V. G. Panse, Statistical Adviser, Institute of Agricultural Research Statistics, ICAR, on "Yield Trend of Wheat and Rice in the First Two Five-Year Plans in India". Besides, this factor would be easier of practical application, than a complicated and sophisticated formula based on several factors. It is also of the highest importance from the farmer's point of view.

(ii) The actual Selection of Blocks in terms of this criterion should be done by local experts and planners who would know best whether an area fulfils this condition with reference to the agronomical situation cropping pattern and the predominant crops in the area.

(iii) The guiding principles in interpreting area of "assured water" should be as follows :

(a) Assured Irrigation Areas : The "command" of an irrigation project, major, medium or minor, to be taken into account should be realistically defined. It has been often noticed that the "command" is fixed at a much higher figure than the source can actually cope with.

(b) Assured Rainfall Areas : Here the Working Group has chosen an indirect and circumstantial index because of the practical difficulty in involving a direct indicator. Blocks selected under "assured rainfall" should be those which have high spread and high yield or medium spread and high yield or high spread and medium yield of the various crops in the State. The high, medium or low yield/spread would be determined by taking the mean yield per acre/mean spread of a given crop for the State as base. This formula will automatically take into account of requirements of moisture for different crops, capabilities of land, etc.

(iv) As Block-level estimates of production are not yet available the determination of areas of assured rainfall on the above basis should be done in terms of districts and the relevant Blocks falling in those districts selected for implementation of intensive programmes.

(v) No arbitrary figure of minimum percentage-coverage of an area by irrigation for determining the eligibility of a Block for selection. All Blocks which come under this category should be so classified. In actual implementation, priorities should be determined by the availability of resources, Blocks having largest areas under assured irrigation being taken up first. But some consideration may also be given to selection of Blocks in compact region for facility of administration.

(vi) If due to inadequacy of resources intensive programmes cannot be taken up in all Category I Blocks, priority in selection should be given to areas with assured irrigation over those with assured rainfall.

(vii) Along with intensive programmes of agriculture programmes of dairying poultry and fishery (if applicable) should also be promoted.

(viii) Areas subject to frequent floods should be excluded from the application of this intensified approach.

## B. Category II

(i) These are the Blocks which receive a rainfall of 15 inches and below or the area where extensive areas are under forests or where lands are saline, alkaline or eroded. In such Blocks, depending on the potential in each Block the programmes of Animal Husbandry, milk production, poultry (common to all categories), and sheep and wool development, etc., could be taken up. Instead of agricultural crops the lands could best be utilised for growing grasses or trees.

(ii) Dairying should be promoted on an extensive scale in areas having good cattle breeds through a number of milk collection schemes of optimum size, without being necessarily linked up with large urban consuming centres. The milk could be sold in liquid form to smaller towns which live within the milk shed of each such scheme and the surplus processed.

(iii) For sheep and wool development also an integrated programme of improvement of stock, shearing facilities, and of grading, carding and marketing should be drawn up.

## C. Category III

(i) This category is arrived at by eliminating the Blocks under Category I and II. Areas requiring land and water development would be classified under this ;

(ii) The first requirement in these Blocks is to have surveys carried out for various measures of Resource-development, e.g., irrigation, drainage, soil conservation, etc., reclamation and Master Plans of development of the area prepared.

(iii) Priority for development should be given to those Blocks where sizeable areas could be brought under major, medium or minor irrigation schemes.

The preliminary selection of Blocks in terms of these categories should be done by the Regional-level Officers of Agriculture, Animal Husbandry, Fishery, Horticulture, etc., in collaboration with the District-level Officers and then finalised by the Zila Parishads and Panchayat Samitis concerned. The ultimate phasing of the programme would be done by the State Governments in the light of the resources available, or likely to be available.

Soil conservation, minor irrigation and plant protection wings would need to be strengthened in most States.

There is need for evolving strains of seeds which

would absorb heavy doses of fertilisers.

#### Staffing

(a) Category IA : "type" pattern of staffing for all Blocks should be avoided. Strength of the staff should be determined on the basis of the requirements of each area. Indeed, in some Blocks where the standards of cultivation are high, there may be need to increase the number of Extension Officers rather than VLWs or to provide VLWs (and also Extension Officers) with higher qualifications.

(b) Category II : The staff required would be in the nature of specialist VLWs and Extension Officers depending on the nature of the programme taken up, e.g., Animal Husbandry, poultry, sheep and wool development, etc.

(c) Category III : The additional staff required would be in the nature of higher level technical experts to survey, prepare and execute plans of Area Development.

Improvement in the quality of staff is of far greater importance than more increase in number.

It is of utmost importance that the necessary supplies and services are made available in terms of the requirements of each Block. The size of the programme should be strictly determined by the available resources, and any discriminate expansion avoided.

If cooperative structure in any area is not strong enough to handle the distribution of supplies efficiently there should be no hesitation in making alternative departmental arrangements, much as the Group would like to keep technical functionaries out of it. This

however should be purely a temporary phase.

A study should be made as to what positive incentives, by way of better service conditions, could be provided to the Village Level Worker. The incentives so far given do not go far enough.

A study should also be made as to what incentives could be given to Panchayati Raj institutions, such as would provide them with added motivation to organise programmes of increased agricultural production.

As regards other intensive programmes to diversify the rural economy (are of the Terms of Reference of the Working Group), the Working Group felt that this would largely pertain to the programmes of Rural Industrialisation. Rural Industrialisation is a complicated subject and to make any worthwhile recommendation thereon, studies would have to be undertaken industry and technology-wise. The Working Group has no means to make such studies and therefore recommends that this should be studied separately.

Finally, the Working Group is of the opinion that "intensive approach" in favourable area is useful only as a short term measure. Miracles should not be expected of this approach in the overall agricultural situation, for such favourable areas occupy only a small part of the Indian agricultural landscape. A deep impact can be made on agricultural production if millions of farmers all over the country and adequately motivated to produce more. The pre-requisites for this are a proper price structure, easy availability of the needed supplies and services and provision of essential overheads like communications and rural electrification.

## COMMITTEES FOR CATEGORISATION OF THE GOVERNMENT OF INDIA PRESS WORKERS, 1963—REPORT

New Delhi, Ministry of Works Housing and Rehabilitation (Department of Works & Housing) 1964. 75p.

Chairman : Shri V. Balasubramanyam (replaced by Shri P. K. Sen)

Membres : Shri P. K. Sen; Shri G. S. Bhasin; Shri B. C. Sen Gupta.

Secretary : Shri N. C. Sanyal.

#### APPOINTMENT

The Committee for Categorization of the Government of India Press Workers was constituted under the

Ministry of Works, Housing and Rehabilitation (Department of Works and Housing) vide their Resolution No. 4(8)/63-PI dated November 26, 1963.

#### TERMS OF REFERENCE

(i) To review the classification of the posts of industrial workers, in the Printing Presses under the control of the Chief Controller of Printing & Stationery into the categories of unskilled, semiskilled, skilled, highly-

skilled and supervisory;

(ii) Where necessary for the purpose of such review to examine the qualifications, and the field of recruitment/promotion laid down for each particular post and to suggest modifications therein.

## CONTENTS

Introductory; The organisation of the Printing Presses in the Government of India; Views of the workers and their Unions; Principles of Categorisation; the anomalies in pay scales and classification; Pay structure in Government of India Press; The existing categories and Classification; Promotional Channels and methods of recruitment to various categories in the Presses; Method of implementing the recommendations; Some general aspect of Government of India Press establishment; Conclusion; Summary of Recommendations; Appendix A to G.

## Report Of The Committee For Categorization Of The Government Of India Press Workers 1964

## RECOMMENDATIONS

Packer should be semi-skilled. Whether it is at all necessary to retain this category should be looked into by the Department.

Cylinder Proof Pressman and Forme Proof Pressman should be classified as skilled with a pay scale of Rs. 110-131. The Galley Proof Pressman and (Hand) Proof Pressman should continue as semi-skilled and be given a Pay scale of Rs. 85-110 instead of Rs. 75-95.

A suitable percentage of Compositors should be upgraded to the highly skilled categories with a pay scale of Rs. 175-205. This group should comprise of persons selected from existing compositors. Type Store Keepers and Standing Forme Keepers.

There should be a Selection Grade for Binders.

The Category of Metal Melter should be upgraded as skilled with a pay scale of Rs. 110-131.

The Category of Gold Finisher be upgraded to the highly-skilled group with a pay scale of Rs. 175-205.

The Category of Assistant Mechanic (Mechanical) should be classified as semi-skilled with a pay scale of Rs. 85-110.

A category of Assistant Mechanic (Lino/Mono) should be created in the skilled category with a pay scale of Rs. 110-131.

The existing supervisory categories of Government of India Presses are Foreman Class I (General); Foreman (Machine); Foreman (Bindery); Foreman (Stereo); Foreman Class I (Case); Foreman, Class III; Assistant Foreman Class I and Assistant Foreman, Class II. As against these categories, the Committee recommended two categories of Foreman viz, (1) Foreman in the scale of Rs. 240-380 and (2) Section Holder into the scale of Rs. 200-280.

Paste Supplier in the unskilled group should be upgraded to a semi-skilled status with a pay scale of Rs. 75-95.

Mono Caster Operator should have a pay scale of Rs. 110-131 and a selection Grade should be created for them with a pay scale of Rs. 125-155.

Category	Existing pay scale	Recommended Pay scale	Remarks
1	2	3	4
	Rs.	Rs.	
1. Moulder and Finisher	140-175	85-110	Recommended as Moulder (Page 18, Chapter V).
2. Blacksmith	110-180	110-155	p.18-19 Chapter V
3. Carpenter	100-130	110-155	p. 19, Chapter V
4. Binder	100-130	110-155	p. 19, Chapter V
			p. 31, and Chapter VII
5. Feeder	110-180	110-155	p. 20, Chapter V
6. Foreman	200-380	240-380	p. 21, Chapter V
7. Welder	125-155	110-155	p. 20, Chapter V
8. Etcher Class I	168-280	175-280	p. 21, Chapter V
9. Dark Room Assistant	125-155	125-180	p. 21, Chapter V
10. Gold Finisher	110-143	175-205	p. 21, Chapter V
11. Stereo Typer	100-130	110-155	p. 21, Chapter V
12. Prover	168-320	175-320	p. 21, Chapter V

	1	2	3	4
13. Head Mechanic (Mechanical)		200-320	205-340	p. 22, Chapter V
14. Asstt. Mech. (Mechanical)		100-130	85-110	p. 22, Chapter V
15. Trimmer		95-110	85-110	p. 30, Chapter VII
16. Asst. Carpenter		75-95	85-110	p. 30, Chapter VII
17. Machineman (Falcon)		100-130	110-155	p. 32, Chapter VII
18. Machineman (Platen)		100-130	110-155	p. 32, Chapter VII
19. Machineman (Cylinder)		100-142	110-155	p. 32, Chapter VII

### III. Abolition and Creation of new Categories

#### Clause 'A'

The following categories have been recommended to be abolished

1. Tilter
2. Bindery Despatcher
3. Mounter and Finisher
4. Bindery Finisher
5. Impositors
6. Distributor
7. Blacksmith and Mechanic
8. Checker (Machine)
9. Roller Boy
10. Embosser
11. Outturn Checker
12. Rotary Printers
13. Workshop Mechanic (Photo Litho Wing)
14. Correction Checker
15. Binder-cum-Guillotine Operator
16. Asst. Foreman Class I & II (all grades of Foreman excepting one)
17. Half-tone Etcher
18. Developer (Photo)
19. Boiler Attendant-cum Roller Moulder
20. Motor Attendant
21. Camera Assistant
22. Assistant Standing Formkeeper
23. Assistant Type Store Keeper
24. Electrical Mistry
25. Counter
26. Bindery Examiner
27. Machineman (Platen)
28. Machineman (Cylinder)
29. Machineman (Falcon)
30. Blacksmith & Mechanic

#### Clause 'B'

The following new categories have been recommended to be created or merged :—

1. For Bindery work of a higher order a selection grade upto not more than 33-1/3 per cent of skilled binders in the scale of Rs. 155-180 be created.
2. The category of Automatic Machineman be redesignated as Machineman Selection Grade (or some other suitable separate designation) and classified as

highly skilled with a pay scale of Rs. 175-205.

3. A selection grade of Rs. 125-155 for the Mono Caster Operators for the operation of super-caster machines is recommended.

(b) Merger and New Creations.

4. Two or three unskilled categories viz., Fly-boy, Mazdoor or Labourer are recommended to perform all normal manual work as against several unskilled posts.

5. Cleaner Driver be redesignated as Cleaner with their existing pay scales.

6. The Roller Moulder and Roller Caster should be merged with a single pay scale of Rs. 75-110.

7. The category of Embosser should be abolished and the job performed by them should be entrusted to the Warehouseman.

8. Rotary Printers recommended to be abolished should be merged with Automatic Machineman.

9. The category of Correction Checker should be abolished and on abolition of this category the work should be entrusted to the highly-skilled compositors recommended by the Committee.

10. There should be two categories of Etchers. The category of Half-tone Etcher should be abolished. The category of Etcher Class II should be in the pay scale of Rs. 140-175 and the Category of Etcher Class I should be in the scale of Rs. 175-280 with a suitable Efficiency Bar.

11. (a) The category of Developer (Photo) should be abolished and on abolition of this Category incumbents may be merged with the Dark Room Assistant category.

(b) The pay scale of Dark Room Assistant should be revised from Rs. 125-155 to Rs. 125-180.

12. There should be a category of Boilerman in the scale of Rs. 110-131 instead of Boiler Attendant-cum-Roller Moulder.

13. The category of Motor Attendant is recommended to be abolished and the work entrusted to the existing Electrician and Wireman.

14. The category of Camera Assistant is recommended to be abolished and merged with the category of Dark Room Assistant.

15. The designation of Machine Operators in all grades should be changed Office Mechanemen Grade I and Grade II with a pay scale of Rs. 210-425 and Rs. 175-320 respectively.

16. The category of Assistant Mechanic (Lino/Mono) is recommended a pay scale of Rs. 110-131 with skilled status.

17. The designation of Electrician-cum-Armature Winder may be replaced by that of Electrician.

18. The post of Tilter should be abolished and a semi skilled category with a pay scale of Rs. 85-110 be created with a separate designation

19. The category of Moulder should be equated with the Assistant Carpenter.

20. The categories of Machineman (Platen), Machineman (Cylinder), Machineman (Falcon) should be merged with the newly created category of Machineman in the skilled grade in the scale of Rs. 110-155.

21. Machineman in the highly-skilled group as are required to handle multi-colour work should be given an extended pay scale of Rs. 175-205 to Rs. 175-240.

22. If all the recommendations of the Committee are accepted the number of categories will come down to 70 excluding the categories of posts in the Reading Branch and those carrying a starting pay of more than Rs. 240.

### 23. Pay Scales :

The First Pay Commission recommended 6 basic pay scales for the industrial workers of the Presses. The Second Pay Commission had recommended 13 pay scales for Government Presses, following more or less the pattern as existed in 1959. The Committee have adopted 8 basic pay scales with minor variations by merging two scales or splitting up the basic scale into two parts as the guiding scales for the Press workers. As far as practicable, they stuck to the recommendations of the First Pay Commission translated in accordance with the recommendations of the Second Pay Commission.

### General

1. The Committee has not dealt with the undermentioned categories of workers in the presses :

(a) Workers employed in the Reading Branch as a writ petition is pending in Punjab High Court.

(b) The categories of posts having a starting pay above Rs. 240 (on the analogy of the Second Pay Commission which has recommended prescribed scales upto Rs. 240 generally for the workshop staff all over India).

2. Industrial workers should be governed only by Industrial Rules and Regulations applicable to other industrial workers. A definition for the term Industrial Workers, in the Industrial Sector under the Government, is essential. Pending such a definition, the Committee had gone solely by the criteria of those engaged in the production work and manual workers together with their supervisor and not by the lists suggested either by the workers or the Administration.

3. There is urgent necessity of yardsticks and norms

in the Presses.

4. The Incentive Bonus Scheme should be introduced in its entirety i.e. with penalties for future recruits.

5. It is not desirable to have permanent and piece workers working side-by-side.

6. Promotion chances as far as practicable should be the same in all the Government of India presses.

7. Firm Recruitment Rules and channel for promotion should be prescribed immediately.

8. Basic tradesmen as well as aspirants for skilled jobs may be classified from unskilled to semi-skilled.

9. Highly-skilled workers may be classified along with skilled supervisory.

10. The categories beyond highly-skilled group and supervisory categories over highly-skilled artisan may be classified as merely supervisory workers.

11. Pay scales of Operative Workers are too short. This is true of all industrial workers of Government of India. Supervisory pay scales in the Government of India Presses are rather inordinately long.

12. There should be atleast one promotional step for each worker.

13. A ratio of direct recruitment and promotion from unskilled categories should generally be only 50:50.

14. Direct Recruitment to Selection Grades and supervisory categories should be abolished.

15. Except in exceptional cases the direct recruitment should not be resorted to in the highly-skilled category.

16. Promotion of Binders category upto 50 per cent may be made from Warehousemen. It has also been suggested that the ratio between the Warehouseman and the Binders should be 50:50.

17. The promotion quota of the Assistant Mechanic to the grade of Mechanic should be increased from 50 per cent to 75 per cent or 66-1/3 per cent.

18. There should be no direct recruitment to category of Head Mechanic (Mechanical), Head Mechanic (Lino) and Head Mechanic (Mono).

19. The apprentices should be treated as outside nominees for the purpose of direct recruitment.

20. The post of Lino/Mono Operators should be filled 100 per cent by direct recruitment and not from Compositors learners.

21. No direct recruitment should be made in the categories of Barman and they should be tested for the post of Assistant Mechanic (Lino).

22. Except as indicated in clause 31 below, the recommendation should not be given retrospective effect.

23. All recommendations wherever favourable, will be applicable to the existing categories. Where it is not favourable the existing incumbents will be protected and the recommendations will be applicable only to new

recruits

24. The screening of persons where category has been recommended to be abolished for absorption in the equivalent grades is necessary. All existing incumbents of the categories where upgradation has been recommended should not automatically be upgraded but allowed the higher status only after passing a trade test. This will not apply to cases where the pay scale has only been revised upwards.

25. After merger the previous service of the incumbents should count in full for seniority in the merged category.

26. Workers not found suitable for merger with the existing categories should be allowed to continue on and at the time of their retirement they may be confirmed against supernumerary posts even in the categories which have been recommended for abolition.

27. The existing piece rates need revision.

28. With the creation of Senior and Junior Foreman for effective supervision, the Sections should be reorganised comprising of 15 to 20 skilled workers in each Section

29. It is not possible to create posts in operative and ancillary categories according to fixed formulae.

30. Promotional quota for industrial workers to the grade of Overseer may be reviewed.

#### Miscellaneous

The prescribed pay scale of Rs. 90-120 of the category of Moulder and Finisher has apparently not been revised in accordance with the recommendations of the Second Pay Commission. This revision should be done now with retrospective effect from July 1, 1959.

## COMMITTEE ON EDUCATION AS AN ELECTIVE SUBJECT AT THE UNDERGRADUATE STAGE, 1963—REPORT

New Delhi, University Grants Commission, 1966. 30p.

Chairman : Prof. A.R. Wadia.

Members : Dr. (Miss) S. Panandikar; Prof. A. Mujib;  
Dr. S.N. Saraf; Shri K.L. Joshi;

Member-

Secretary : Dr. P.J. Philip later replaced by Dr. J. N. Kaul.

### APPOINTMENT

The Suggestion to introduce "Education" as an elective for the B.A./B.Sc. degrees has been put forward on several occasions in recent years. The University Grants Commission has also discussed from time to time the relative advantages of introducing "Education" as an optional subject at the first degree stage. The University Grants Commission appointed a Committee in December, 1963.

### TERMS OF REFERENCE

The terms of Reference of the Committee are as follows :

- (i) To examine the question in various aspects, and
- (ii) To make suitable recommendations in this regard.

### CONTENTS

Foreword ; Appointment of the Committee ; Infor-

mation received from the Universities ; Report ; Summary of recommendations ; Appendices from I to VI.

### RECOMMENDATIONS

The Committee make the following specific recommendations:

The study of 'Education' as an elective subject at the undergraduate level may not be treated as adequate preparation for teaching in high/higher secondary schools. It will be neither possible nor desirable to include a teacher training programme in the undergraduate studies.

The study of 'Education' as an elective subject may however, serve the following four purposes:

- (i) It may be a good independent and academic discipline which could promote cultural and liberal educational values;
- (ii) It might get some students interested in teaching as a career. The course in 'Education' ought to promote the imaginative consideration of various general principles underlying a teacher's carrier;
- (iii) It would be a useful subject for women candidates who intend to take up social work and home Economics or who terminate their studies at the undergraduate state;

(iv) 'Education' as an elective subject at the undergraduate level could also be introduced for those candidates who intend to take up a two year masters' degree course in 'Education', wherever it is available.

Objects of teaching 'Education' as an optional subject at the undergraduate level should be clearly identified.

Reading and reference material, produced on a co-operative basis by the experts in various disciplines, should be provided to the students. If necessary, U.G.C. may provide assistance in this regard to one or two universities selected for this purpose.

## COMMITTEE ON SETTING UP A UNIVERSITY FOR THE NORTH EASTERN REGION OF INDIA, 1963—REPORT

New Delhi, University Grants Commission, 1965. 50p.

**Chairman** : Prof. A. R. Wadia.

**Members** : Dr. S.K. Bhuyan; Dr. H.J. Taylor; Prof. G.G. Swell, Shri R.P. Nayak; Shri Mayangnokch Ao; Shri P.B. Singh.

**Secretary** : Dr. P.J. Philip.

### APPOINTMENT

The tribal people inhabiting the North-Eastern region of India comprising Nagaland, N.E.F.A., Manipur and the Hill areas of Assam have for some time been feeling the need for educational advancement. Until recently, facilities for higher education in the region were extremely meagre. Further, people in these areas have also been anxious to bring about a fuller integration with the rest of India.

On August 9, 1963 a meeting of representatives of tribal communities in shillong resolved to move the Government of India to establish a central federal University in the Hill Areas. Four members of Parliament, representing these areas, also wrote to the Prime Minister in September 1963 regarding the need for setting up a new university at a suitable centre to serve their educational and cultural requirements. They emphasized that the special needs of the tribal people were not being adequately met by the Gauhati University and also drew attention to the difficulties created for them by the declaration of Assamese as the official language of Assam. The Prime Minister forwarded the letter to the Chairman of University Grants Commission. The Commission appreciating the need for developing educational facilities in this region, considered it desirable to constitute a small Committee of educationists and representatives of the area to examine the question in all its aspects.

The Committee on setting up a University for the North Eastern Region was constituted by jointly by the University Grants Commission and the Ministry of

Education, Government of India in December, 1963.

### TERMS OF REFERENCE

(a) to assess the present facilities for higher education in the north-eastern areas of India (Nagaland, NEFA, Manipur and Hill Areas of Assam);

(b) to consider the pattern and development of higher education best suited to the needs of these areas; and

(c) to examine whether it would be desirable to set up a University in the region or an autonomous institution 'deemed to be a University' under the UGC Act of 1956.

### CONTENTS

Appointment of the Committee; The Background of the Problem ; The Case for a University in the Hill Areas; Recommendations; Appendices; Acknowledgements.

### RECOMMENDATIONS

For a variety of reasons, there is strong case for the provision of special facilities of higher education in the North Eastern Region comprising Nagaland, NEFA, Manipur and the Hill areas of Assam.

It is necessary to think out a fresh ways of organising teaching, research and examinations in order that the education offered by the university may be a high quality.

A university of the unitary type conducting both undergraduate and postgraduate teaching in a single campus cannot satisfy the needs and aspirations of vastly scattered areas and their people. On the other hand, an affiliating university will not be able to develop the feeling of oneness among the colleges for them to feel that they are part of an academic community. The situation can best be met by establishing a federal type of university with a constituent college in each impor-



tant centre.

The university colleges should be developed, in the first instance, as centres of undergraduate teaching, with honours in the main subjects. They should be sufficiently large, well staffed and properly equipped. The staff, or part of the staff, would be appointed by and responsible to the university.

The University Colleges should become, in course of time, full-fledged centres of postgraduate teaching and research. Some colleges may conduct postgraduate teaching and research from the very beginning.

The university should have the function of conducting vocational and technical education at an appropriate level. In the first instance a polytechnic for boys and a nursing college for girls may be set up.

The structure of undergraduate education will need re-organisation and strengthening to provide a sound base for postgraduate teaching and research. The university should concern itself directly with undergraduate teaching instead of regarding it as a matter of secondary importance.

It would be necessary to bring teachers together through conferences, seminars, refresher courses etc. in order that they may keep themselves abreast of the latest developments in their respective fields.

Much attention and thought will have to be given to evolving a suitable pattern of courses. The pre-university course should be used mainly for preparing the student for university studies by giving him a thorough grounding in English.

The Court (or Senate) of the university, which represents varied interests, should largely function as an

advisory body. The real authority of the university should be vested in a small body of high professional competence.

There should be a board of undergraduate education and paralld to it a board of postgraduate education. The boards might jointly constitute the Academic Council, or operate under it, but they should have the necessary freedom to organise their courses of study.

It may be desirable to set up a special board of part-time education to deal with the problem of night colleges and night shifts in the day colleges.

The proposed university should be established at Shillong. The actual site of the university may however be somewhere in the vicinity of Shillong.

The D.M. College, Imphal should become a university college and an important centre of the university to begin with.

The colleges at Tura, Aijal, Haflong and Kohima should be provided with necessary facilities to develop into university colleges for their respective areas.

Other Colleges in the Hill areas may be affiliated to the university with a closer bond with the university than is usually found in the case of affiliating universities.

The norms of the university should be such as will reflect the scope and purpose of the university and its relation to the Government of India.

Steps will have to be taken by the Union Government for establishing in the Hill areas a full-fledged university or an institution deemed to be university under Section 3 of the U.G.C. Act.

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